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**JOINT HEARING ON ALLEGATIONS OF  
WASTE, FRAUD AND ABUSE AT THE  
NEW U.S. EMBASSY IN IRAQ**

Thursday, July 26, 2007

House of Representatives,  
Subcommittee on National Security  
and Foreign Affairs,  
Committee on Oversight and  
Government Reform,  
joint with the  
Committee on Oversight and  
Government Reform,

**\*\*\*Preliminary Transcript\*\*\***

**Committee Hearings**

**of the**

**U.S. HOUSE OF REPRESENTATIVES**



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3 | JOINT HEARING ON ALLEGATIONS OF  
4 | WASTE, FRAUD AND ABUSE AT THE  
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7 | House of Representatives,  
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9 | and Foreign Affairs,  
10 | Committee on Oversight and  
11 | Government Reform,  
12 | joint with the  
13 | Committee on Oversight and  
14 | Government Reform,  
15 | Washington, D.C.

16 |       The committees met, pursuant to call, at 10:10 a.m., in  
17 | Room 2154, Rayburn House Office Building, the Honorable Henry  
18 | A. Waxman [chairman of the Committee on Oversight and  
19 | Government Reform] presiding.

20 |       Present: Representatives Waxman, Davis of Virginia,

21 Cummings, Tierney, Watson, Lynch, Braley, Norton, McCollum,  
22 Shays, Platts, Cannon, Duncan, Issa and Westmoreland.

23 Staff Present: Phil Schiliro, Chief of Staff; Phil  
24 Barnett, Staff Director and Chief Counsel; Karen Lightfoot,  
25 Communications Director and Senior Policy Advisor; David  
26 Rapallo, Chief Investigative Counsel; Theo Chuang, Deputy  
27 Chief Investigative Counsel; Margaret Daum, Counsel;  
28 Christopher Davis, Professional Staff Member; Earley Green,  
29 Chief Clerk; Teresa Coufal, Deputy Clerk; Matt Siegler,  
30 Special Assistant; Caren Auchman, Press Assistant; Zhongrui  
31 J.R. Deng, Chief Information Officer; Leneal Scott,  
32 Information Systems Manager; Dave Turk, Staff Director,  
33 National Security & Foreign Affairs Subcommittee; Andrew Su,  
34 Professional Staff Member; Andrew Wright, Professional Staff  
35 Member; Davis Hake, Subcommittee Clerk; Steve Glickman,  
36 Counsel; Kerry Gutknecht, Staff Assistant; David Marin,  
37 Minority Staff Director; Larry Halloran, Minority Deputy  
38 Staff Director; Keith Ausbrook, Minority General Counsel;  
39 Ellen Brown, Minority Legislative Director and Senior Policy  
40 Counsel; John Brosnan, Minority Senior Procurement Counsel;  
41 A. Brooke Bennett, Minority Counsel; Emile Monette, Minority  
42 Counsel; Nick Palarino, Minority Senior Investigator and  
43 Policy Advisor; Patrick Lyden, Minority Parliamentarian and  
44 Member Services Coordinator; Brian McNicoll, Minority  
45 Communications Director; Benjamin Chance, Minority Clerk.

46 Chairman WAXMAN. The Committee will please come to  
47 order.

48 Today, the Committee is holding a hearing on the State  
49 Department's single largest construction project in the  
50 world, the \$600 million U.S. Embassy in Baghdad. This is the  
51 first oversight hearing Congress has held on this immense  
52 project.

53 We will hear today from the State Department witnesses  
54 that the embassy will be built on time and under budget. I  
55 hope they are right.

56 Billions of taxpayer dollars have been squandered on  
57 contracts in Iraq. There should be at least one major  
58 project that is done right.

59 But there are red flags involving the embassy complex  
60 that should not be ignored. On July 5, the Washington Post  
61 ran a front page article that described ``a cascade of  
62 building and safety blunders'' in the facility being built to  
63 house the embassy security guards.

64 This facility was built by the same company, First  
65 Kuwaiti, that is building the main embassy. It was delivered  
66 to the embassy with the assurance that it ``meets and  
67 exceeds'' contract requirements. It passed the inspections  
68 required by the State Department and it seemed like a  
69 success.

70 But when the kitchen equipment was turned on for the

71 first time in May, the appliances didn't work. The  
72 electrical wiring melted, creating a serious fire hazard.  
73 Embassy officials cabled Washington: ``Poor quality  
74 construction... [l]ife safety issues... inherent construction  
75 deficiencies... left the post with no recourse but to shut  
76 the camp down in spite of the blistering heat in Baghdad.``

77 Over two months later, the base for the guards remains  
78 shuttered.

79 As we will learn today, there are other red flags. The  
80 oversight and management of the embassy project appears to be  
81 in disarray. The State Department agency responsible for the  
82 day to day oversight of the project is the Office of Overseas  
83 Buildings Operations or OBO, but the OBO appears to be in a  
84 raging battle with the State Department officials in Baghdad  
85 who will ultimately live and work in the new embassy.

86 The conflicts are so severe that the senior OBO official  
87 who is supposed to be on the ground in Iraq, monitoring the  
88 construction of the new embassy has been banished from the  
89 Country.

90 It does not help matters that there are only three  
91 career State Department officials on-site to oversee this  
92 massive project. Everyone else is a private contractor.

93 The project has also been beset by allegations that the  
94 prime contractor, First Kuwaiti, has used forced labor to  
95 build the embassy, violating the laws against human

96 | trafficking and sending exactly the wrong message to Iraqis  
97 | and the rest of the world about U.S. respect for human  
98 | rights.

99 |         This Committee called this hearing to investigate these  
100 | allegations. As the principal oversight Committee in the  
101 | House, that is our job.

102 |         Unfortunately, the State Department has taken exactly  
103 | the wrong approach to our inquiry. The Department has gone  
104 | into full bunker mentality, stonewalling the Committee's  
105 | document requests and obstructing our efforts to conduct  
106 | legitimate oversight of the embassy project.

107 |         The Committee sent a letter on July 10 requesting  
108 | documents in preparation for today's hearing. We asked for a  
109 | list of eight discrete, clearly identified memos, reports and  
110 | cables. We also asked for a set of broader documents  
111 | including communications, briefings and meeting minutes. We  
112 | informed the Department that we wanted the eight documents we  
113 | specifically identified before today's hearing. The rest  
114 | could be produced afterwards.

115 |         In response, the Committee was told almost daily that  
116 | these documents were on the way. We were told: They are  
117 | being gathered. They are being reviewed. They are in the  
118 | approval process. They will be there tomorrow.

119 |         But aside from two incomplete cables, none of the  
120 | documents were provided. Finally, two weeks after we

121 requested these eight documents, we issued a subpoena for the  
122 documents. The due date was yesterday at 4:00 p.m. The  
123 Department produced none of the documents by the deadline.

124 Just this morning, the State Department faxed over a  
125 handful of documents that were required under the subpoena.  
126 Some of these documents raise even new questions.

127 In one e-mail exchange, the Senior Coordinator of the  
128 State Department Office to Monitor and Combat Trafficking in  
129 Persons writes that he has ``strong concerns about  
130 allegations of human trafficking among state contractors in  
131 Iraq.''

132 The State Department official in charge of overseeing  
133 the embassy project instructs his staff, ``Do not respond to  
134 these folks as you can see no matter what you say you cannot  
135 win.''

136 The fact that the Department is resisting congressional  
137 oversight doesn't mean that the project is failing, but it  
138 inspires no confidence in the Department's assertions that  
139 everything is on track.

140 We have also received limited cooperation from the State  
141 Department's prime contractor on this project, First Kuwaiti.  
142 We sent an invitation to company officials to testify here  
143 today, but they refused. We asked to interview knowledgeable  
144 First Kuwaiti officials, but they refused. We asked for a  
145 telephone call to ask questions, but again they refused.

146 First Kuwaiti did make a substantial document production  
147 to the Committee and did provide a written statement, but  
148 from the standpoint of the U.S. taxpayer, its refusal to  
149 testify is, to me, another red flag.

150 The State Department awarded First Kuwaiti a contract to  
151 build the largest U.S. embassy in the world. The company is  
152 being paid a half a billion dollars in taxpayer funds, yet it  
153 is acting as if it is unaccountable to Congress and the  
154 taxpayer.

155 There is one party in this process that did cooperate  
156 with the Committee, and that is KBR. KBR has provided the  
157 documents we asked for, gave a briefing to Committee staff  
158 and agreed to testify here today, and they took these steps  
159 even though they knew that I have been outspoken about my  
160 concerns about other KBR projects in Iraq.

161 Despite the obstacles we faced, today's hearing will  
162 raise important questions about the embassy project.  
163 Witnesses will describe evidence of substandard labor  
164 conditions and shoddy construction work. Internal cables  
165 will reveal a Department at war with itself.

166 My goal is to use this hearing to begin to sort through  
167 the claims and counterclaims that envelope the embassy  
168 project. We won't answer every question that has emerged  
169 about this secretive project, but if we can shed more light  
170 on some, we will be doing our job.

171 I hope the embassy project opens on time and under  
172 budget, but real questions about the project are being and  
173 these need to be addressed.

174 This is an unusual hearing in that it is being held as a  
175 joint hearing of the full Committee and its National Security  
176 Subcommittee. The hearing is being held jointly in  
177 recognition of the extensive work that the Subcommittee has  
178 been doing for the past several months to examine the  
179 allegations of human trafficking by First Kuwaiti.

180 For this reason, after Ranking Member Davis is  
181 recognized for his statement, Subcommittee Chairman Tierney  
182 and Subcommittee Ranking Member Shays will be recognized for  
183 their opening statements, and then we will go directly to the  
184 witnesses.

185 [Prepared statement of Chairman Waxman follows:]

186 \*\*\*\*\* INSERT \*\*\*\*\*

187 Chairman WAXMAN. Mr. Davis.

188 Mr. DAVIS OF VIRGINIA. Thank you, Mr. Chairman.

189 In my opinion, this could have been a good hearing. It  
190 could have been a thoughtful examination of how the State  
191 Department's Overseas Building Operations Office constructs  
192 diplomatic facilities under difficult conditions in some of  
193 the most inhospitable parts of the world.

194 It could be a responsible assessment of incidental and  
195 systematic problems encountered by an ambitious program to  
196 build more secure embassies, particularly the effort to  
197 complete the State's largest single project ever in Baghdad,  
198 Iraq, in the middle of a war zone. It could, but I am afraid  
199 it won't.

200 Why? Because, as I think the Chairman would  
201 acknowledge, this hearing is a little bit premature.

202 Based on media reports alone, the Committee scheduled  
203 today's testimony before completing a thorough investigation  
204 of thinly sourced, sensationalized charges of shoddy  
205 construction and labor abuses.

206 In what has become an unfortunate modus operandi,  
207 politically charged allegations are marching miles ahead of  
208 the proven facts. Whenever a news story jumps to a  
209 convenient conclusion to back suspected Administration  
210 malfeasance or misconduct, the Committee rushes to see how  
211 they can elevate mere questions, concerns and speculation

212 | before the real fact-finding.

213 |       As I have said before, it is oversight by firing squad.

214 | Ready. Fire. Aim.

215 |       The most significant waste, fraud and abuses we are

216 | likely to uncover today may be our own. So what are we

217 | really aiming at today?

218 |       The allegations of waste, fraud and abuse at the new

219 | U.S. Embassy in Iraq cited in today's hearing title are based

220 | primarily on an exchange of State Department cables detailing

221 | a dispute over an entirely separate construction project, the

222 | security camp adjacent to the embassy, a completely separate

223 | contract. Both projects were built by the same contractor,

224 | First Kuwaiti General Trading and Contracting, but the camp

225 | was designed as a temporary collection of prefabricated

226 | trailers and support structures while the 592 million embassy

227 | compound involved full-scale construction of permanent

228 | buildings.

229 |       In the short time we have had to pursue claims of

230 | substandard materials and practices, we found nothing to

231 | suggest the intramural spat over who is responsible for

232 | expanding and changing design elements at the temporary camp

233 | has any implications whatsoever on the quality of work at the

234 | permanent embassy.

235 |       But here is a fact that does have an impact on the risk

236 | of waste, fraud and abuse. Both projects were built under

237 | firm fixed-price contracts, the kind the majority generally  
238 | prefers. First Kuwaiti got the work only after no U.S.  
239 | contractor offered to meet the ambitious 24 month schedule  
240 | while facing substantial financial and logistical risks,  
241 | building in a war zone on those terms. They wanted a cost  
242 | reimbursement arrangement.

243 |         Under the fixed price vehicle, disputes over electrical  
244 | wiring loads and dripping pipes can have little impact on  
245 | ultimate costs. In effect, we are here litigating a punch  
246 | list, the usual inventory of fixes and finishing touches  
247 | generated by any project this size.

248 |         Allegations about labor abuses and human trafficking  
249 | violations are far more serious, and it appears the State  
250 | Department took them seriously. We can be proud of U.S.  
251 | labor protection but shouldn't be naive about the  
252 | applications elsewhere in the world.

253 |         Nevertheless, complaints about working and living  
254 | conditions were referred to the State Department Inspector  
255 | General who, in conjunction with the IG for the  
256 | Multi-National Forces in Iraq, conducted on-site inspection  
257 | and interviews with foreign workers and U.S. personnel. The  
258 | State IG team found ``nothing that caused us to believe that  
259 | trafficking in persons violations had occurred at the site.``

260 |         The military IG did find illegal and deceptive hiring  
261 | practices by recruiting agencies, but it found no evidence of

262 | the alleged abduction, abuse, overcrowding or unsanitary  
263 | facilities. In fact, the MNF-I IG concluded of the 58 living  
264 | areas inspected, the State Department facility ``rated in the  
265 | top third with above average quality of life conditions.``

266 |         Against those findings, we have claims by disgruntled  
267 | ex-employees who may have pending or potential financial  
268 | interests against the Government. Their accusations should  
269 | be evaluated very carefully, something we have not had the  
270 | opportunity to do. They may sound atrocious. Someone saw  
271 | passports in a safe or boarding passes marked Dubai on a  
272 | flight to Iraq.

273 |         But today we will get one side of the story. Only  
274 | further inquiry will tell us if the passports were stored  
275 | voluntarily or whether anyone boarding a charter flight in  
276 | Kuwait was confused about its destination.

277 |         Another reason not to take these allegations at face  
278 | value is that they have been thrown at an extraordinarily  
279 | effective Federal agency. Under the leadership of General  
280 | Charles Williams, the State's Bureau of Overseas Building  
281 | Operations has completed 47--47--new, secured diplomatic  
282 | facilities in 6 years on schedule and all within budget. He  
283 | brings unimpeachable credentials to a difficult job, coming  
284 | out of retirement at the request of his friend, Colin Powell.

285 |         After logging 2,000 flight hours in helicopters in  
286 | Vietnam, General Williams finished a 29 year Army military

287 | career successfully, completing major construction projects  
288 | with the Corps of Engineers. He knows how to build. He has  
289 | proven his dedication, his skill and his integrity.

290 | I question whether we will prove anything else here  
291 | today. Nevertheless, I thank the witnesses for their time  
292 | and perspectives.

293 | [Prepared statement of Mr. Davis of Virginia follows:]

294 | \*\*\*\*\* INSERT \*\*\*\*\*

295 Chairman WAXMAN. Thank you, Mr. Davis.

296 Mr. Tierney, the Chairman of the Subcommittee.

297 Mr. TIERNEY. Good morning and thank you, Mr. Chairman. I  
298 want to thank you and Ranking Member Davis for allowing the  
299 National Security and Foreign Affairs Subcommittee to jointly  
300 hold this hearing.

301 There are many questions raised by the construction of  
302 this enormous 65 acre, 24 building walled fortress of an  
303 embassy in Iraq.

304 What will it mean to Iraqis? Will most Iraqis react  
305 like one quoted recently in the Los Angeles Times article,  
306 who said they are not leaving Iraq for a long time, and he  
307 called the embassy a symbol of oppression and injustice?

308 What purpose does an embassy serve if nearly 1,000 of  
309 the State Department officials are only rarely permitted to  
310 interact with Iraqis outside the Green Zone, an essential  
311 part of their job, as questioned by the American Foreign  
312 Service Association, the professional body representing State  
313 Department employees?

314 What does it mean that our military is planning on  
315 co-locating at the embassy site and how will this be  
316 interpreted?

317 Is this reminiscent of the even larger Somalia compound  
318 that was dismantled by looters after the overthrow of the  
319 dictator, Mohamed Siad Barre, and does it foretell the

320 | planned Lebanon embassy now said to be located in the heart  
321 | of Hezbollah-controlled territory?

322 |       Is it bigger than it should be if you really expect Iraq  
323 | to stabilize and not as big as it needs to be for the nerve  
324 | center of an ongoing war effort, as the L.A. Times quotes a  
325 | State Department advisor and Council on Foreign Relations  
326 | senior fellow as saying?

327 |       But the purpose of our hearing today is to look at the  
328 | construction of the embassy itself. Our new Iraq embassy is  
329 | not only our most expensive embassy to date. It is also  
330 | supposed to become a beacon of freedom and democracy in Iraq  
331 | and throughout the Middle East.

332 |       Still, as Chairman Waxman has noted, very troubling  
333 | allegations have come to the Subcommittee's attention that  
334 | this proposed beacon of freedom was built quite literally on  
335 | the backs of workers from Nepal, the Philippines, Pakistan,  
336 | India and Ghana, just to name a few nations.

337 |       We have heard allegations that some third country  
338 | nationals working for the prime contractor, First Kuwaiti,  
339 | had to pay recruitment fees amounting to more than a full  
340 | year of salary, fees as high as \$3,000 with salaries as low  
341 | as \$7 a day.

342 |       We have heard of workers, essentially waylaid to Iraq,  
343 | being told they were going to work in Dubai and given  
344 | boarding passes to Dubai but being transported instead to

345 | Iraq.

346 |       We have heard of verbal abuse, physical assaults and  
347 | physical intimidation, the First Kuwaiti managers brandishing  
348 | weapons.

349 |       We have heard of workers living a dozen or two dozen or  
350 | even more in a single trailer measuring 40 feet by 10 feet.  
351 | That would essentially be the breadth of this two rows of  
352 | seats and about the width as well.

353 |       We have heard of inadequate medical care, of a lack of  
354 | safety training and equipment and about deaths not adequately  
355 | explained.

356 |       We have heard of workers unable to return home whether  
357 | because their passports were withheld or because of threats  
358 | or because they faced a year's salary penalty if they  
359 | resigned. I might note that the withholding of passports by  
360 | employers is an act forbidden by the United States  
361 | Government.

362 |       Our first panel today consists of former workers from  
363 | the embassy site who will tell us what they themselves have  
364 | heard and seen. We take these allegations very seriously.

365 |       Unfortunately, however, it appears that not everyone may  
366 | have done so. We have learned during the course of our  
367 | investigation that a number of officials in our own State  
368 | Department may have looked the other way when confronted with  
369 | these disturbing or inconvenient allegations.

370 Our State Department is supposed to be the face of U.S.  
371 diplomacy to the world. Unfortunately, when it appears that  
372 when it came to the workers used to construct our flagship  
373 embassy in Iraq, some State Department officials may not have  
374 kept their eyes wide open. For example, it has become  
375 clearer and clearer that little to no forethought on labor  
376 issues had been done during the contract award and in the  
377 vetting of First Kuwaiti.

378 It appears that State Department officials have largely  
379 taken a hands-off approach with respect to First Kuwaiti's  
380 relations with its third country workers, and we have heard  
381 about the State Department's own Office to Combat Human  
382 Trafficking pressing for action from General Williams and  
383 from other top officials in the Bureau of Overseas Building  
384 Operations and from the State Department Inspector General  
385 and receiving what can only be described as the cold  
386 shoulder.

387 We have a State Department Inspector General who  
388 reportedly allowed First Kuwaiti itself to select the workers  
389 to be interviewed, an Inspector General who apparently didn't  
390 even interview those alleging abuses and an Inspector General  
391 who didn't use interpreters despite the fact that only 10  
392 percent of the worker population was fluent in English.

393 I sincerely hope that what we hear today from our State  
394 Department witnesses dispels and explains those troubling

395 | stories our investigation has uncovered. I hope we hear that  
396 | a strict adherence to on time and on budget does not mean the  
397 | trampling of workers' rights and dignity.

398 |       It is important that all of us in the United States  
399 | Government recognize that our words and our actions matter.  
400 | Our words and our actions matter both because others in the  
401 | world are watching us and listening to us but even more  
402 | importantly because they reflect on who we are and who we  
403 | should constantly be striving to become.

404 |       Thank you again, Mr. Chairman.

405 |       [Prepared statement of Mr. Tierney follows:]

406 | \*\*\*\*\* INSERT \*\*\*\*\*

407 Chairman WAXMAN. Thank you, Mr. Tierney.

408 Mr. Shays.

409 Mr. SHAYS. Mr. Chairman, when it comes to United States  
410 citizens and foreign nationals working in our embassies  
411 abroad, there is absolutely no question that their safety and  
412 security must be our top priority, and we also have the  
413 significant responsibility to examine alleged waste, abuse  
414 and fraud in Government. We need to look at the State  
415 Department and its contractors in the construction of the new  
416 \$600 million U.S. Embassy in Baghdad.

417 I support today's oversight efforts. Unfortunately,  
418 what we have today is potentially a one-sided discussion  
419 about allegations found in some recent articles and internet  
420 blog entries. In terms of preparation and research, the  
421 Minority staff have been rushed through more than a half  
422 dozen interviews this week, many of which they were given  
423 just five minutes notice of, and just last night the  
424 Committee still had not received key documents from the  
425 Department of State.

426 So although the facts are still muddled, this is what we  
427 do know. A recent construction guard camp near to but  
428 separate from the Baghdad embassy is running on schedule. It  
429 appears there were some electrical problems, but it is still  
430 not clear whether it was these problems that resulted in a  
431 temporary delay in the occupation of the camp or other

432 construction and installation deficiencies.

433       On the one hand, we hear from the Department of State  
434 the project is currently on schedule and within budget. On  
435 the other hand, we hear from contractors and whistleblowers  
436 that the construction is suffering massive problems with the  
437 fuel tank, sprinklers, air conditioning, heating and  
438 electrical system among other things.

439       In reality, this is a complex, high-risk project in a  
440 war zone, so certainly there will be some issues with the  
441 building system. But we are still lacking hard evidence to  
442 make any assessments.

443       The other side of today's hearing is allegations of  
444 potential human trafficking and labor abuses. We cannot take  
445 lightly these allegations of human trafficking and labor  
446 abuses. Human trafficking is modern day slavery and  
447 something that affects every nation on every continent around  
448 the globe, including the United States, and we must put an  
449 end to it wherever we find it.

450       In 2000, my fellow members and I drew a line when we  
451 passed the Trafficking Victims Protection Act making human  
452 trafficking a Federal crime. Between 2001 and 2006, the  
453 Department of Justice has prosecuted over 360 defendants,  
454 secured 238 convictions and guilty pleas, and had opened 639  
455 new human trafficking investigations. That is how seriously  
456 the United States takes this issue.

457           So it makes sense when individuals, some of whom are  
458 here today with us, raise a concerns about possible labor  
459 abuses or inhumane conditions, the Trafficking in Persons  
460 Office in the Department of State and the Inspector Generals  
461 from the Multi-National Force-Iraq quickly took action,  
462 observing the employees, interviewing workers and inspecting  
463 facilities on the site in Baghdad. In fact, the State and  
464 MNF-Iraq Inspector Generals in their three reviews did not  
465 find anything to indicate human trafficking violations had  
466 occurred.

467           However, serious questions about possible illegal and  
468 deceptive hiring practices by recruiting agencies are still  
469 being pursued, and it is reported the Department of Justice  
470 has recently opened their own human trafficking investigation  
471 to pursue these allegations.

472           I commend each of these agencies for taking this matter  
473 seriously and continuing with their investigation.

474           I look forward to today's hearing but wish we had more  
475 information and had spent more time preparing this  
476 investigation before commencing this hearing. Nevertheless,  
477 I do appreciate the opportunity to participate in today's  
478 hearing and thank each of the witnesses for providing their  
479 testimony for the record.

480           Thank you, Mr. Chairman.

481           [Prepared statement of Mr. Shays follows:]

482 \*\*\*\*\* INSERT \*\*\*\*\*

483 Chairman WAXMAN. Thank you very much, Mr. Shays.

484 I want to now call forward our first witnesses, Mr. Karl  
485 Demming. He is the Engineering and Construction Manager of  
486 KBR.

487 Mr. Demming, we are pleased to have you with us today to  
488 testify and to give us your analysis of what has been  
489 happening.

490 It is the policy of this Committee that all witnesses  
491 that testify take an oath, so I would like to ask you, if you  
492 would, to please stand and raise your right hand.

493 [Witness sworn.]

494 Chairman WAXMAN. The record will indicate that you did  
495 answer in the affirmative.

496 Mr. Demming, your prepared statement is going to be in  
497 the record in its entirety. What I would like to ask you to  
498 do is to give your testimony.

499 We do try to keep the oral testimony to around five  
500 minutes. I am going to have a clock. It will be green, but  
501 then it will turn orange when it indicates you have a minute  
502 left and then red when the time is up.

503 If you feel you need to go over to summarize it, fine,  
504 but we do want all witnesses to try to keep within the time  
505 frame, so we can hear from everybody.

506 We are happy to have you here.

507 There is a button on the base of the mic. Be sure it is

508 | pushed in, so it is activated. When you have done that, I  
509 | want to recognize you to proceed.

510 | STATEMENT OF KARL DEMMING, ENGINEERING AND CONSTRUCTION  
511 | MANAGER, KBR

512 | STATEMENT OF KARL DEMMING

513 |         Mr. DEMMING. Thank you, Mr. Chairman.

514 |         My name is Karl Demming. I am currently employed as a  
515 | Technical Professional Leader, Specialties for KBR in Baghdad  
516 | in support of USMI, the U.S. Mission in Iraq.

517 |         Under the LOGCAP contract, I oversee KBR's engineering  
518 | and construction work in Iraq. I arrived in-country soon  
519 | after the invasion in 2003. I have been on the ground there  
520 | ever since.

521 |         I am a participating electrician, practicing, and have  
522 | been a member of the International Brotherhood of Electrical  
523 | Workers for more than 30 years.

524 |         You asked KBR to assist the Committee in its inquiry  
525 | regarding the Baghdad embassy security force guard camp, and  
526 | I am here to do so. The guard camp and the new embassy are  
527 | being constructed by another contractor. KBR did not design  
528 | or construct either one. Once the guard camp is complete,  
529 | KBR will provide support services to the personnel who will  
530 | be housed there.

531 |         I am a native Californian. I grew up in Burbank, went

532 | to Burbank High and later the Los Angeles Trade Technical  
533 | School. I joined the U.S. Army in 1971 and returned to  
534 | Burbank after my tour of duty.

535 |         I began work in the electrical field in 1975 and in the  
536 | course of my career have had the opportunity to work in many  
537 | aspects of this field, for example, power generation for the  
538 | Federal Aviation Administration and the Marine Corps and  
539 | electrical systems and construction positions for  
540 | International Controls, Carnation, Lockheed and Anheuser  
541 | Busch.

542 |         I have held State of California electrical and HVAC,  
543 | heating-ventilation-air conditioning, contractors licenses  
544 | and an L.A. city supervisor's license. I also owned and  
545 | operated my own electrical firm. I worked on a wide variety  
546 | of projects where the IBEW supplied the work teams.

547 |         I was a member of the National Guard from 1975 through  
548 | 1997, and I volunteered for the Gulf War and served in Saudi  
549 | Arabia, Iraq and Kuwait as a staff sergeant with the Guard.

550 |         I moved to Denver soon after leaving active duty and  
551 | worked on multiple construction projects at Denver  
552 | International Airport. At night, I also taught the IBEW's  
553 | electrical apprenticeship program.

554 |         I began working for KBR in May, 2003. After an initial  
555 | assignment in Basra, I began working in Baghdad on several  
556 | power generation projects related to the U.S. Embassy Annex.

557 | In November of 2006, I was promoted to my current position.

558 |         Under the LOGCAP contract, KBR provides a variety of  
559 | support functions to the U.S. and Coalition personnel in Iraq  
560 | and Afghanistan. As part of that work, every day KBR  
561 | provides meals, laundry and other support services throughout  
562 | theater. Specific to today's discussion, KBR was asked to  
563 | prepare to provide similar services at the Baghdad embassy  
564 | security force camp.

565 |         As I mentioned before, KBR did not design or construct  
566 | either the guard camp or the new embassy compound, but as the  
567 | company prepared to support personnel at the guard camp, KBR  
568 | participated in several site visits and was asked to conduct  
569 | a technical inspection of the facilities. This is not unlike  
570 | having an inspection done before buying a house.

571 |         My team and I carried out these inspections, and earlier  
572 | this week, at the Committee's request, I briefed the  
573 | Committee's bipartisan staff on our findings. I am here  
574 | today to answer any questions you may have.

575 |         [Prepared statement of Mr. Demming follows:]

576 | \*\*\*\*\* INSERT \*\*\*\*\*

577 Chairman WAXMAN. Thank you very much for your testimony.  
578 I have questions, and I know other members will as well. We  
579 are going to proceed recognize members five minutes at a  
580 time.

581 The Iraq Embassy is the largest construction project at  
582 the State Department. It has a price tag of \$600 million,  
583 and its successful completion is an essential part of the  
584 Administration's strategy for Iraq.

585 The first part of this mammoth project to be completed  
586 was a base for the security guards. It was delivered to the  
587 embassy this spring by the prime contractor, First Kuwaiti,  
588 with the assurance that it meets and exceeds contract  
589 requirements.

590 My understanding is that KBR was hired by the State  
591 Department to run the guard base and prepare meals for the  
592 guards. As a result, KBR entered the facility after it was  
593 turned over to the embassy to see how the equipment was  
594 operating.

595 Mr. Demming, I want to ask you about the problems KBR  
596 found in the construction of the guard base when you tested  
597 the facility.

598 I understand you were part of a KBR team that was  
599 involved with the process of starting up the dining facility  
600 in the guard camp after First Kuwaiti finished assembling it,  
601 is that right?

602 Mr. DEMMING. That is correct, Mr. Chairman.

603 Chairman WAXMAN. On May 25th, the embassy sent a cable  
604 back to Washington to the Overseas Business Operations Office  
605 or OBO that described some of the problems you encountered  
606 with the process. I would like to make this cable part of  
607 the record today and without objection that will be the  
608 order.

609 [The referenced information follows:]

610 \*\*\*\*\* INSERT \*\*\*\*\*

611 Chairman WAXMAN. Paragraph three of the embassy cable  
612 says that on May 14th, KBR was in the process of initiating  
613 the dining facility when the wires began to melt, is that  
614 right?

615 Mr. DEMMING. That is correct, Mr. Chairman.

616 Chairman WAXMAN. Paragraph four of the cable states that  
617 some of the appliances were not working properly and there  
618 was a burning smell. It also says that the staff received  
619 electrical shocks. In your opinion, was this a serious  
620 safety issue and why?

621 Mr. DEMMING. Yes, Mr. Chairman, it was a serious safety  
622 issue. I will explain why as layman as I possibly can.

623 The grounding issues and the personnel injury as far as  
624 coming in contact with any of the metal equipment such as  
625 being commercial type cooking equipment and such in the  
626 facility as well as the type of facility it is. They are  
627 trailers or modular units, and they are steel or metal of  
628 construction.

629 Chairman WAXMAN. At that point, the cable says you had  
630 shut off all the equipment and could not serve any meals.

631 Paragraph seven of the embassy cable states the initial  
632 assessment by the KBR electricians was that the gauge of the  
633 electrical wiring is too small for the electrical load  
634 required and that most if not all of the wiring will need to  
635 be replaced.

636 It then says a follow-on inspection by KBR identified  
637 additional electrical issues that required corrective action.

638 Can you tell us more about the problems you found?

639 Mr. DEMMING. Yes, sir, Mr. Chairman. In regards to the  
640 electrical cable, the equipment that this cable was feeding,  
641 we call them circuits and they are protected by over-current  
642 devices. The system does not work properly if it is not  
643 designed properly.

644 We did not have the design drawings or plans at that  
645 time. So we were merely there to assist in starting this  
646 facility up, so we can serve the first meal on the 15th of  
647 May.

648 During that time, these issues arose and we did have  
649 personnel that were getting shocked or electrocuted mildly at  
650 the facility. We did shut the power off to investigate and  
651 assist the contractor, Overseas Building Office, to find  
652 these issues and try to remedy them.

653 Chairman WAXMAN. Well, the cable mentions problems with  
654 the grounding, electrical feeds, split wiring, wiring not  
655 contained in junction boxes.

656 Paragraph 11 of the embassy cable states that on May 24,  
657 10 days after the meltdown, OBO said the wiring had been  
658 corrected. You came back on May 25th, the next day, but you  
659 still found continuing concerns with the wiring, according to  
660 the cable.

661           How can it be that OBO thought it had fixed the problems  
662 when it really hadn't?

663           Mr. DEMMING. Mr. Chairman, we don't monitor what those,  
664 that entity does out there on that camp. We are directed by  
665 our client--at that time it would be the U.S. Army--to  
666 perform these tasks and only direction do we actually act.

667           Chairman WAXMAN. Well, the wiring failed once. First  
668 Kuwaiti fixed it, and OBO checked it, but there were still  
669 problems. at you are telling us is right, something appears  
670 to be seriously wrong with the management and oversight of  
671 this project. This doesn't mean that the rest of the embassy  
672 project will be plagued by similar problems, but it obviously  
673 raises a major red flag.

674           The State Department said the guard base was fine, that  
675 it met and exceeded requirements. It turned out to be  
676 fiasco. The \$600 million question is whether we are going to  
677 discover the same kinds of problems when the embassy is  
678 turned over to the State Department this fall.

679           I want to recognize Mr. Shays for five minutes as well.

680           Mr. SHAYS. Mr. Demming, first, you deserve a tremendous  
681 thanks for serving your Country by serving overseas in Iraq  
682 for so long in your capacity with KBR, and I thank you for  
683 that.

684           Mr. DEMMING. Thank you, Congressman.

685           Mr. SHAYS. What I want to do is just be clear. We are

686 | not talking about the \$600 million embassy. We are talking  
687 | about a temporary camp designed to house workers who would  
688 | work on the \$600 million embassy, is that correct?

689 |       Mr. DEMMING. To my understanding, Mr. Congressman, that  
690 | BESF was the Baghdad security force camp.

691 |       Mr. SHAYS. Is the answer yes?

692 |       Mr. DEMMING. This would be for the security force.

693 |       Mr. SHAYS. What you are talking about now is a facility  
694 | that is temporary, designed to hold the security forces or  
695 | the workers or whatever, correct?

696 |       Mr. DEMMING. Correct.

697 |       Mr. SHAYS. Okay. We are not talking about a permanent  
698 | embassy problem, correct?

699 |       Mr. DEMMING. This does attach to the big embassy campus  
700 | itself.

701 |       Mr. SHAYS. I am not trying to suggest that we should  
702 | have problems in a temporary facility, but I want us to make  
703 | sure we are not mixing the two right yet.

704 |       Now it is my understanding that the OBO, the Overseas  
705 | Building Operations, is a State Department agency that had  
706 | basically written out the specs for this temporary facility  
707 | and that when KBR got there, they felt that the facility was  
708 | not adequate, is that not true?

709 |       Mr. DEMMING. That would take some explanation, Mr.  
710 | Congressman.

711 Mr. SHAYS. Well, first off, isn't it true that this was  
712 a facility that was built according to the specs of the State  
713 Department and when KBR got there, they said this isn't going  
714 to be able to handle all that we need? Isn't that true?

715 Mr. DEMMING. Can I explain to that?

716 Mr. SHAYS. Well, first off, tell me if it is true or not  
717 and then explain.

718 Mr. DEMMING. That is true.

719 Mr. SHAYS. Okay, now explain.

720 Mr. DEMMING. Okay. What the issues were when KBR was  
721 asked to perform operation and maintenance logistic services  
722 at the guard camp itself, we have certain equipment and  
723 support mechanics that require trucks, fire trucks, fuel  
724 trucks and et cetera. At that time, we did not have a lot of  
725 information.

726 Mr. SHAYS. I need a shorter version. The bottom line is  
727 are you trying to say they should have known that it was not  
728 going to be adequate?

729 Mr. DEMMING. No, sir. We could not get our equipment in  
730 there to perform that O&M. That was our pushback.

731 Mr. SHAYS. Are you a witness today to have evidence  
732 about the embassy itself and that the embassy itself has  
733 major construction problems?

734 Mr. DEMMING. No, Mr. Congressman.

735 Mr. SHAYS. Your thrust today is just to say there may be

736 | indication of some problems with the full embassy because  
737 | there are problems with this temporary site or are you just  
738 | here because you were requested to be? What is your  
739 | motivation for being here?

740 |         Mr. DEMMING. I was requested to be here or asked to be  
741 | here, Mr. Congressman, to explain the difficulties and issues  
742 | at the security force camp.

743 |         Mr. SHAYS. Temporary site, okay.

744 |         In your work in the United States, is this sometimes  
745 | what is built sometimes doesn't meet the need of the person,  
746 | of the client? Is this unusual?

747 |         Is this event unusual, what you are encountering, what  
748 | you encountered in Iraq?

749 |         Mr. DEMMING. Comparing to Iraq, it is a very volatile  
750 | environment. Unusual, I would say no, sir.

751 |         Mr. SHAYS. Thank you very much, sir.

752 |         Mr. DAVIS OF VIRGINIA. Do you have a second?

753 |         Mr. SHAYS. Yes, I would be happy to yield to my  
754 | colleague.

755 |         Mr. DAVIS OF VIRGINIA. Is the problem here with the  
756 | specs or is the problem with the construction?

757 |         Mr. DEMMING. Mr. Congressman, KBR was never privy to the  
758 | specifications that this entity was built by. We were going  
759 | by the Unites States national electrical codes and some of  
760 | the national building codes, the UBC and the UMC.

761 Mr. DAVIS OF VIRGINIA. So you don't have any information  
762 that the construction didn't meet the specs and there might  
763 have been a problem with the specs.

764 Mr. DEMMING. That is correct.

765 Mr. DAVIS OF VIRGINIA. You don't have any information  
766 that there is anything wrong in the construction at the  
767 embassy at all, do you?

768 Mr. DEMMING. That is correct.

769 Mr. DAVIS OF VIRGINIA. Thank you.

770 Chairman WAXMAN. Mr. Cummings.

771 Mr. CUMMINGS. Thank you very much. I want to thank you,  
772 Mr. Demming, for being with us today.

773 Did I understand you correctly when you said that you  
774 are an electrician?

775 Mr. DEMMING. That is correct, Mr. Congressman.

776 Mr. CUMMINGS. How long have you been that?

777 Mr. DEMMING. Over 30 years, Mr. Congressman.

778 Mr. CUMMINGS. Now, Mr. Demming, I understand that after  
779 the wires melted at the guard camp, is that true? They  
780 melted?

781 Mr. DEMMING. Yes, sir, Mr. Congressman.

782 Mr. CUMMINGS. Let me see if we can connect some dots  
783 here. After they melted, the embassy asked KBR to conduct a  
784 technical inspection of the entire guard camp electrical  
785 system, is that correct?

786 Mr. DEMMING. Yes, sir.

787 Mr. CUMMINGS. Were you a part of that in any way?

788 Mr. DEMMING. Yes, I was, Mr. Congressman.

789 Mr. CUMMINGS. Mr. Chairman, I have a copy of KBR's

790 report dated May 25th, 2007, which I ask to be made a part of

791 the hearing record.

792 [The referenced information follows:]

793 \*\*\*\*\* INSERT \*\*\*\*\*

794 Mr. CUMMINGS. Mr. Demming, this report says that it is  
795 from Paul Chretien. Do you know him?

796 Mr. DEMMING. Say that again.

797 Mr. CUMMINGS. I probably pronounced his name wrong. Paul  
798 C-H-R-E-T-I-E-N.

799 Mr. DEMMING. Chretien.

800 Mr. CUMMINGS. Yes. Who is he?

801 Mr. DEMMING. He is my electrical engineer. He works on  
802 my staff.

803 Mr. CUMMINGS. All right, so he works, he is under you?

804 Mr. DEMMING. That is correct, Mr. Congressman.

805 Mr. CUMMINGS. All right. On page one of this report, it  
806 lists ``areas of concern'' and it says this: ``One of the  
807 greatest areas of concern is the use of counterfeit wire,''  
808 which refers to a wire found which has a particular wire size  
809 printed on the insulation but actually has smaller, lower  
810 capacity conductors, is that right?

811 Mr. DEMMING. That is correct, Mr. Congressman.

812 Mr. CUMMINGS. Did you actually obtain samples of the  
813 counterfeit wire?

814 Mr. DEMMING. Yes, that is correct, Mr. Congressman.

815 Mr. CUMMINGS. Now that word, counterfeit, that is a  
816 pretty strong word, isn't it?

817 Mr. DEMMING. Yes, it is.

818 Mr. CUMMINGS. In other words, it implies that somebody

819 | did something wrong, is that right? In other words, that is  
820 | not proper, is that right?

821 |         Mr. DEMMING. That is correct.

822 |         Mr. CUMMINGS. How did you determine what the size of the  
823 | wire in the insulation was?

824 |         Mr. DEMMING. When the team was inspecting on that  
825 | technical inspection through the panels to further meet the  
826 | needs of the direction that we received, they identified that  
827 | first by looking at the cable that was installed. Further  
828 | investigation, we found that the cable was marked, and on  
829 | that cable marking it was marked for the required cable size.

830 |         As further investigation went, the copper diameter size  
831 | of the conductors inside the multi-conductor cable was  
832 | thought to be smaller than what the stamped rating was on the  
833 | jacket.

834 |         Mr. CUMMINGS. So, in other words, even if the  
835 | specifications had asked for a certain thing, when you went  
836 | to look at the wire, even if the specifications asked for it,  
837 | the proper wire was not there, is that correct?

838 |         Mr. DEMMING. That is correct.

839 |         Mr. CUMMINGS. I believe we have a picture of the  
840 | counterfeit wires you found. Can we please display that on  
841 | the screen?

842 |         Where did you find this wire in the camp?

843 |         Mr. DEMMING. This cable was at, this particular cable

844 | was going to the fryers from a panel inside the DFAC, the  
845 | dining facility.

846 |       Mr. CUMMINGS. What problems might result from the use of  
847 | such a counterfeit wire?

848 |       Mr. DEMMING. Well, they might melt.

849 |       Mr. CUMMINGS. As they did.

850 |       Mr. DEMMING. Correct.

851 |       Mr. CUMMINGS. After you did your report to the embassy,  
852 | the embassy wrote this cable to OBO, and here is what they  
853 | said: ``Several additional issues have arisen including  
854 | discovery of counterfeit wire.''

855 |       So they reported what you found to Washington.

856 |       Now I want to show you what Washington said in response.  
857 | This was written on June 7th, and I ask that it be entered  
858 | into the record.

859 |       [The referenced information follows:]

860 | \*\*\*\*\* INSERT \*\*\*\*\*

861 Mr. CUMMINGS. The cable said this: ``We have also asked  
862 KBR and Post to identify any counterfeit wire and its  
863 location and they have not been able to do so.''

864 Mr. Demming, first of all, did you understand what I  
865 just said?

866 Mr. DEMMING. Yes, Mr. Congressman.

867 Mr. CUMMINGS. I am asking you, Mr. Demming. Did anyone  
868 at OBO ever ask you about the counterfeit wire you found?

869 Mr. DEMMING. No, Mr. Congressman.

870 Mr. CUMMINGS. Did anyone at OBO ask anyone on your team  
871 about it to your knowledge?

872 Mr. DEMMING. Mr. Congressman, to my knowledge, no.

873 Mr. CUMMINGS. Do you know why OBO would claim in this  
874 cable that they asked you for this when they didn't? Do you  
875 know?

876 Mr. DEMMING. No, I do not know that.

877 Mr. CUMMINGS. One of the documents that the Committee  
878 subpoenaed is a fire safety inspection report of the embassy  
879 complex itself. We understand that this inspection report  
880 documents a number of serious safety risks similar to those  
881 that KBR found at the guard base, but the State Department  
882 won't turn this document over to the Committee.

883 That is not a good sign. Covering up serious safety  
884 problems at the embassy does not make them go away.

885 Again, this word, counterfeit, is very significant, is

886 | it not?

887 |       Mr. DEMMING. That is correct, Mr. Congressman.

888 |       Mr. CUMMINGS. Thank you very much.

889 |       [Prepared statement of Mr. Cummings follows:]

890 | \*\*\*\*\* INSERT \*\*\*\*\*

891 Chairman WAXMAN. Thank you, Mr. Cummings.

892 Mr. Davis.

893 Mr. DAVIS OF VIRGINIA. You showed the cable, this  
894 counterfeit cable, whatever, to the embassy Post, is that  
895 right?

896 Mr. DEMMING. That is correct, Mr. Congressman.

897 Mr. DAVIS OF VIRGINIA. There is an inherent conflict  
898 sometimes between the embassy Post and OBO in terms of what  
899 the specs should be. Everybody, they always are asking to  
900 try to get greater capacity, better walls, better flooring.  
901 In my experience, that has been true. They always want a  
902 little more and the State Department, to put these things on  
903 time and under budget, has certain specs.

904 Do you have any evidence that this wire did not meet the  
905 specs?

906 Mr. DEMMING. No, Mr. Congressman. I never saw the  
907 specs.

908 Mr. DAVIS OF VIRGINIA. I think that is the nub of the  
909 matter. I think what we have here is that if you looked at  
910 American standards in a permanent facility, you would have  
911 looked for a different kind of wiring that would have  
912 supported what you were trying to put in.

913 This was a temporary facility. The specs that were  
914 written were one thing, and maybe they should have been  
915 something else.

916 I am not an expert in this area, but what I am looking  
917 for is evidence that the construction here was, in fact,  
918 counterfeit which would mean they represented it would be one  
919 thing and it was something else versus what the  
920 specifications called for since this was a temporary  
921 facility.

922 I don't know what the specs called for and we can ask  
923 this in our next panel.

924 You don't know what the specs called for, do you?

925 Mr. DEMMING. No, Mr. Congressman, I do not.

926 Mr. DAVIS OF VIRGINIA. Thank you.

927 I mean I think that is the point we are trying to get at  
928 is they have made a leap over here without looking at the  
929 underlying specifications in the contract. This was a  
930 temporary facility. They had a budget.

931 Do you have any evidence that this would not have met,  
932 well, let me just ask this.

933 What capacity did the customer require for its dining  
934 facility? Do you know how many people they were trying to  
935 feed there?

936 Mr. DEMMING. There was 1,200 personnel that were to live  
937 on that guard camp, and they served 3 meals a day.

938 Mr. DAVIS OF VIRGINIA. What organization is KBR's  
939 customer for the O&M contract to operate the guard camp?

940 Mr. DEMMING. Can you repeat that, Mr. Congressman?

941 Mr. DAVIS OF VIRGINIA. What organization is your  
942 customer on the O&M contract to operate the guard camp? Who  
943 are you working for?

944 Mr. DEMMING. The U.S. Army.

945 Mr. DAVIS OF VIRGINIA. So your contract was with the  
946 U.S. Army, and this was a State Department facility.

947 Mr. DEMMING. That is correct, Mr. Congressman.

948 Mr. DAVIS OF VIRGINIA. Now what capacity does that  
949 customer require for its dining facility?

950 Mr. DEMMING. Capacity as in personnel?

951 Mr. DAVIS OF VIRGINIA. Yes.

952 Mr. DEMMING. There is 1,200 personnel.

953 Mr. DAVIS OF VIRGINIA. Is that capacity different from  
954 the capacity the dining facility was built to support?

955 Mr. DEMMING. I do not believe so, Mr. Congressman.

956 Mr. DAVIS OF VIRGINIA. Some have said that the reason  
957 for the problems with the wiring in the dining facility was  
958 caused by KBR installing more equipment than the facility was  
959 designed to accept. Now what is your view on that?

960 Mr. DEMMING. That is not true.

961 Mr. DAVIS OF VIRGINIA. But you haven't seen the specs.

962 Mr. DEMMING. I have not seen the specifications, Mr.  
963 Congressman, but most of the kitchen equipment, commercial  
964 type kitchen equipment, was already installed not by KBR.

965 Mr. DAVIS OF VIRGINIA. Right. Now OBO says they

966 repaired the damage soon after and that the wiring issue was  
967 resolved, is that correct?

968 Mr. DEMMING. Those were the readily identified issues on  
969 May 14th that they resolved.

970 Mr. DAVIS OF VIRGINIA. Did they resolve those issues?

971 Mr. DEMMING. Yes, Mr. Congressman.

972 Mr. DAVIS OF VIRGINIA. Pretty quickly?

973 Mr. DEMMING. Yes, Mr. Congressman.

974 Mr. DAVIS OF VIRGINIA. Is the dining facility that you  
975 inspected capable of handling the capacity required by your  
976 customer?

977 Mr. DEMMING. Yes, Mr. Congressman.

978 Mr. DAVIS OF VIRGINIA. What improvements need to be made  
979 to the dining facility in order to meet your customer's  
980 capacity requirements or are they already done?

981 Mr. DEMMING. In our contract and according to preventive  
982 MED issues and some of the Army regulations, we are required  
983 certain things to happen as far as how hot the water must be,  
984 how much water we must have to properly sanitize and wash the  
985 dishes. The food storage, we are required in some instances  
986 to maintain several days of storage because of the  
987 environment that we are in.

988 Situations like that, Mr. Congressman, are required that  
989 we brought to the attention that facility did not meet.

990 Mr. DAVIS OF VIRGINIA. Did you have concerns about your

991 contractual liability for the dining facilities during the  
992 contract for the camp?

993 Mr. DEMMING. Just when we were asked to do the O&M  
994 services is when we brought up those concerns.

995 Mr. DAVIS OF VIRGINIA. Do you know if KBR submitted an  
996 offer to build the embassy compound?

997 Mr. DEMMING. No, I do not know that, Mr. Congressman.

998 Mr. DAVIS OF VIRGINIA. But once again just to clarify,  
999 you have no knowledge or no relationship between what was  
1000 done at the embassy itself versus this separate contract for  
1001 the dining facility, is that correct, temporary facility?

1002 Mr. DEMMING. That is correct, Mr. Congressman.

1003 Mr. DAVIS OF VIRGINIA. Okay. Thank you very much.

1004 Mr. TIERNEY. [Presiding.] Thank you.

1005 Ms. Watson, you are recognized for five minutes.

1006 Ms. WATSON. Thank you so much and thank you, Mr.  
1007 Demming, for being here.

1008 In the OBO's cable responding to the embassy's concerns,  
1009 they essentially blame you at KBR for all of these problems,  
1010 and I would like to have you respond to some of the  
1011 statements.

1012 The basic argument seems to be that after the camp was  
1013 turned over, KBR came in and added a lot of extra equipment  
1014 that was never intended to be there. So let me read you what  
1015 the OBO's cable actually says, and it is in paragraph three.

1016           It says this was a problem created solely by Post and  
1017 KBR by putting additional equipment in the facility and not  
1018 checking the electrical loads.

1019           The cable also says all such equipment appeared to be  
1020 larger, higher power requirement than the manufacturer had  
1021 intended based on our original specifications. This is the  
1022 real reason for the facility overheating.

1023           So what is your response to that claim?

1024           Mr. DEMMING. Ms. Congresswoman, we did not provide any  
1025 extra equipment to the kitchen facility other than the 20  
1026 foot by 8 foot container for a chiller or cooler unit which  
1027 was placed outside the dining facility and wired to a  
1028 separate circuit system as well as 20 by 8 foot container  
1029 utilized as a freezer container. Those two items were  
1030 brought over from the previous camp where the guards are  
1031 living now, Camp Jackson, in order to store food there in  
1032 preparation to move the guards over to the new camp and  
1033 provide DFAC services by May 15th.

1034           Ms. WATSON. Can you stipulate to that, the equipment  
1035 that you brought in and the reason?

1036           Mr. DEMMING. Yes, ma'am. The equipment that we brought  
1037 in was specifically for the additional food that was required  
1038 and to start the DFAC services on May 15th.

1039           Ms. WATSON. Is there a work order that would state that  
1040 in writing? Was there a work order?

1041 Mr. DEMMING. There was some. There would had to have  
1042 been a work order for us to do that, Ms. Congresswoman, and  
1043 on the e-mail traffic, I have just been handed, from First  
1044 Kuwaiti, on one of their preparations for a billing  
1045 statement, they do include adding an existing chiller to be  
1046 moved from the triple canopy camp and add existing freezer to  
1047 be moved from the triple canopy camp. They were aware that  
1048 these two items needed to be brought over and in working  
1049 condition in order to meet the May 15th inaugural meal.

1050 Ms. WATSON. Did you also check the electrical loads?

1051 Mr. DEMMING. We were asked to do the technical  
1052 inspection after we received the administrative contracting  
1053 letter to do the O&M on the camp, and upon that inspection is  
1054 when we started to find some of the issues on the loads.  
1055 However, it was not until the actual start-up of the facility  
1056 is when the events appeared.

1057 Ms. WATSON. Did you document that inspection? Can we  
1058 find it somewhere in writing what you found?

1059 Mr. DEMMING. Yes, ma'am. Yes, ma'am.

1060 Ms. WATSON. Now here is another statement that was in  
1061 the cable. I am just repeating what the cable said. ``KBR  
1062 confirmed and agreed specifically that they could manage and  
1063 operate the facility based on the design.''

1064 Is that true?

1065 Mr. DEMMING. I am sorry, Ms. Congresswoman. Can you say

1066 | that again?

1067 | Ms. WATSON. I will repeat it, yes.

1068 | ``KBR''--you--``confirmed and agreed specifically that  
1069 | they could manage and operate the facility based on the  
1070 | design.''

1071 | Did you know what the design was?

1072 | Mr. DEMMING. No, Ms. Congresswoman. I really can't  
1073 | answer that. That might have been something from upper  
1074 | management, but to my knowledge we did not accept that based  
1075 | on design.

1076 | Ms. WATSON. So there was no confirmation.

1077 | Mr. DEMMING. That is correct.

1078 | Ms. WATSON. From you, okay.

1079 | Mr. DEMMING. From me.

1080 | Ms. WATSON. Now here is another statement. ``KBR  
1081 | created the problems and are now trying to put this matter on  
1082 | the construction of the camp.''

1083 | This says that KBR created the problems. What is your  
1084 | response to that?

1085 | Mr. DEMMING. That is not true, Ms. Congresswoman.

1086 | Ms. WATSON. And you stipulate to that? You are under  
1087 | oath.

1088 | Mr. DEMMING. Yes, ma'am.

1089 | Ms. WATSON. The cable not only blames KBR for the  
1090 | problems but also suggests a motive, and this is what was

1091 | said in the cable.

1092 |       Mr. TIERNEY. Just finish up if you would, please. Thank  
1093 | you.

1094 |       Ms. WATSON. Okay, I will go real quickly.

1095 |       ''These items do not represent any health or safety risk  
1096 | as outlined in the 25 May cable and will not stop Post from  
1097 | occupying the camp if they desire. For whatever reason, it  
1098 | appears Post and KBR simply do not want to operate the camp  
1099 | for other reasons which have nothing to do with the  
1100 | construction or equipment installed as part of the original  
1101 | scope.''

1102 |       Do you have any idea what is being said and does KBR  
1103 | have other reasons for not wanting to operate this camp?

1104 |       Mr. DEMMING. No, Ms. Congresswoman. I do not understand  
1105 | the justification of that statement.

1106 |       However, if I may, I would like to respond to your  
1107 | question about the safety of the camp. On May 15th, I  
1108 | received an e-mail from my electrical superintendent working  
1109 | out there, describing how our guys have gotten shocked  
1110 | touching up against the frame of the trailer. None of our  
1111 | wiring was powered up at the time of the modifications that  
1112 | we were doing over there for the May 15th meal.

1113 |       So they shut down the breakers one by one to find the  
1114 | cause. One of the feeds for the oven had actually melted.  
1115 | This was a feeder wire to the ovens, equipment KBR did not

1116 | supply, that actually melted and came into contact with the  
1117 | trailer, causing personnel in there to get shocked or  
1118 | electrocuted.

1119 |       It did not trip the circuit breaker, the over-current  
1120 | protection, because it was improperly grounded. That is  
1121 | another safety issue that we discovered during the May 14th  
1122 | start-up.

1123 |       This goes on, ma'am.

1124 |       Mr. TIERNEY. Thank you.

1125 |       We can cover that maybe another time. Thank you, Ms.  
1126 | Watson.

1127 |       Ms. WATSON. I will continue to probe this if we have a  
1128 | second round.

1129 |       Mr. TIERNEY. Thank you very much.

1130 |       [Prepared statement of Ms. Watson follows:]

1131 | \*\*\*\*\* INSERT \*\*\*\*\*

1132 Mr. TIERNEY. Mr. Westmoreland, you are recognized for  
1133 five minutes.

1134 Mr. WESTMORELAND. Thank you and thank you for coming to  
1135 testify.

1136 Are you aware of any labor abuse that was involved?

1137 Mr. DEMMING. No, Mr. Congressman.

1138 Mr. WESTMORELAND. Let me ask you another question  
1139 referring to some of these pictures that were submitted. Are  
1140 you familiar with the pictures that have been submitted?

1141 Mr. DEMMING. Yes, I am, Mr. Congressman.

1142 Mr. WESTMORELAND. The last picture shows and I know the  
1143 exact term for it but shows the measurement of the wires.

1144 Mr. DEMMING. That is correct.

1145 Mr. WESTMORELAND. Could you tell me what those numbers  
1146 actually say on that picture?

1147 Mr. DEMMING. That is correct. On the top picture, the  
1148 micrometer reading is the cable that we buy, that we have had  
1149 in stock from our purchases. The 3.9 is the diameter  
1150 dimension of the copper wire inside that cable. It is a  
1151 multi-conductor cable.

1152 If you take the diameter divided by 2 squared and do  
1153 some mathematics, you get the area in millimeters of that  
1154 cable which comes to a little over 10 millimeters. That is  
1155 referred to as a 10 millimeter square conductor or  
1156 multi-conductor cable.

1157           The bottom picture shows the suspect counterfeit cable  
1158 marked clearly 10 millimeter square. With the micrometer  
1159 gauge on that, it is reading 2.8.

1160           Again, if you do the mathematics, Mr. Congressman, the  
1161 area square of that conductor will come out to 6 millimeters.  
1162 That 6 millimeter difference is a significant amperage load  
1163 difference on that cable of what it is capable of carrying.

1164           Mr. WESTMORELAND. Thank you.

1165           I notice you have got a calculator there next to it. So  
1166 I am assuming that you just can't do this in your mind. It  
1167 takes some type of calculation to come up with these  
1168 millimeters. Is that correct?

1169           Mr. DEMMING. That is correct, Mr. Congressman.

1170           Mr. WESTMORELAND. How many electricians have you ever  
1171 seen on the job that carried around one of these whatever  
1172 those things were with a calculator?

1173           Mr. DEMMING. Micrometer.

1174           Mr. WESTMORELAND. Have you ever seen any electricians  
1175 have those in their nail pouch or their screwdriver belt or  
1176 anything?

1177           Mr. DEMMING. No, Mr. Congressman.

1178           Mr. WESTMORELAND. Okay.

1179           In some of the other pictures, I noticed, and I am in  
1180 the building business. I have never seen red, blue and  
1181 yellow wires. There seems to be some type of color coding

1182 | for these wires. What are the different colors?

1183 |       Why are some of the wires blue, some yellow and some  
1184 | red?

1185 |       Mr. DEMMING. Mr. Congressman, that type of cabling and  
1186 | color coding is indigenous to that region.

1187 |       Mr. WESTMORELAND. I am sorry.

1188 |       Mr. DEMMING. That type of color coding and cabling is  
1189 | indigenous to that region.

1190 |       Mr. WESTMORELAND. Okay.

1191 |       So when I look at the panel box and I see red, yellow  
1192 | and blue, that would be some kind of indication that somebody  
1193 | might have a language barrier or something, but he would know  
1194 | to plug the red wire in the red and the yellow into the  
1195 | yellow and the blue into the blue.

1196 |       Mr. DEMMING. Typically, just like the United States, Mr.  
1197 | Congressman, we have black, red, blue as an indication of  
1198 | phasing, and this is the same configuration. Just they use  
1199 | different colors over there, and that would be considered  
1200 | what we say RYB which would be the same as black, red, blue.

1201 |       Mr. WESTMORELAND. I have been in the construction  
1202 | business a long time and seen a lot of panel boxes, and I  
1203 | have never seen any that had the color codes for the cables  
1204 | to go into, but I understand that.

1205 |       Not only is there maybe something lost, I guess, in  
1206 | interpretation or in wiring diagrams or differences in

1207 building codes or whatever, but also the thickness of this  
1208 wire would be something if you were using metric or American  
1209 or whatever to try to get in place that this was only a six  
1210 millimeter.

1211 Do you know if by just cutting that wire with your hand  
1212 that you would have noticed any difference?

1213 Mr. DEMMING. Mr. Congressman, I might be a little rusty  
1214 on that after being in the administrative portion of this  
1215 industry for a while, but the gentlemen that are in the field  
1216 and do this every day, it is very typical for them to  
1217 distinguish the differences on sight.

1218 Mr. WESTMORELAND. Okay, and let me ask you another  
1219 question.

1220 You mentioned the ground wiring to the boxes, and I  
1221 looked and I couldn't tell where the ground wire would go. I  
1222 didn't see the bus bar, I guess, or whatever on the box  
1223 itself. But how much would it cost to run a ground wire and  
1224 hook it to these panels?

1225 What is an estimate? Are we talking about \$10 million,  
1226 \$1 million, \$100,000, \$1,000? What would be the cost to  
1227 correct this grounding situation and really replace?

1228 Mr. TIERNEY. Mr. Westmoreland, we are going to let him  
1229 ask that first question, if we might, because your time is  
1230 expired and I do want to hear the answer. Then we will move  
1231 on. Thank you.

1232 Mr. DEMMING. Mr. Congressman, I could not give you a  
1233 price on the cost of that because of the intricacy of the  
1234 construction involved. The cable has already been run. In  
1235 some spots and areas of the camp, they have poured concrete  
1236 roadways over, and this would have to be tallied up as square  
1237 footage.

1238 Mr. TIERNEY. Thank you very much.

1239 Mr. WESTMORELAND. Just to follow up on that, just one  
1240 question, just one quick thing.

1241 Mr. TIERNEY. If you can keep it very, very, very brief.

1242 Mr. WESTMORELAND. Why would you have to run a ground  
1243 wire under a road? I am confused about that.

1244 Mr. DEMMING. That is the way they ran the feeders, Mr.  
1245 Congressman.

1246 [Prepared statement of Mr. Westmoreland follows:]

1247 \*\*\*\*\* INSERT \*\*\*\*\*

1248 Mr. TIERNEY. Thank you.

1249 Mr. Lynch, you are recognized for five minutes.

1250 Mr. LYNCH. Thank you, Mr. Chairman. Thanks for holding  
1251 this hearing.

1252 Thank you, Mr. Demming, for helping the Committee with  
1253 its work.

1254 I am going to let this electrical thing go at some  
1255 point, but it would seem to me. I spent 20 years working,  
1256 strapping on the work boots and working on a construction  
1257 site before coming to Congress, and I know my way around a  
1258 construction site. This is a pretty basic mistake here.  
1259 This is basic.

1260 Either the people doing the work at the very basic level  
1261 should have recognized what they were doing. If they knew  
1262 what they were doing, they would have known this was wrong.  
1263 That is the workers themselves, the workers themselves wiring  
1264 this job for the intended purpose. It should have been  
1265 painfully obvious that they were making huge mistakes here.

1266 Then if you go to the next level, the foremen or  
1267 forewomen that are supervising the actual work, they should  
1268 have known. Then, of course, whoever is above them, the  
1269 supervisors on the site, they should have known. Then the  
1270 quality control people who are supposed to be checking this  
1271 work, they should have known.

1272 This is like putting your pants on backwards. This is

1273 something that should have been obvious to anybody who was  
1274 familiar with electrical work, regardless of what country,  
1275 regardless of what standard. This was just totally  
1276 unacceptable.

1277 When you turn the appliances on and the wires start to  
1278 melt, you know you have got yourself a problem. So I think  
1279 this is something that is inherent in the whole system here.  
1280 It is not a technical misreading.

1281 I have been over to Iraq seven times now, and a lot of  
1282 that time has been spent reviewing Iraq reconstruction  
1283 projects, working with Stuart Bowen.

1284 Every time I go to a job site, and it is the same  
1285 everywhere, whether I visit Al Qaim. KBR has a project up  
1286 there at the border entry on the Syrian border. I go through  
1287 there, and I try to talk to the workers and had an Iraqi  
1288 interpreter which was to no purpose because they were all  
1289 from India, all these workers from India.

1290 Then we visit a water sewage treatment facility up near  
1291 Irbil, and they are all Pakistanis. So I couldn't talk to  
1292 them.

1293 We went to a couple of projects in and around Baghdad.  
1294 They were Chinese and Korean.

1295 It just makes me wonder. Here we are. We are trying to  
1296 sell democracy to these folks, the Iraqis. We are pumping in  
1297 \$12 billion a month there, and yet every job I go to the

1298 | Iraqis aren't working.

1299 |       It is like we have got our policy wrong. If we are  
1300 | going to convince them democracy is the way to go, you don't  
1301 | do that through the Defense Department. The way you show  
1302 | them that democracy works is to provide them with jobs. If  
1303 | they were employed, maybe instead of employing, and God bless  
1304 | the Indians and the Pakistanis and the Chinese and the  
1305 | Koreans, but they have got major problems in Iraq right now.

1306 |       We are providing the money. We are providing the  
1307 | construction projects. We are supposed to be providing the  
1308 | oversight and the supervision. It seems to me that you don't  
1309 | export democracy through the Defense Department. You do it  
1310 | through the Commerce Department, the State Department and  
1311 | letting these folks go to work and actually seeing what a  
1312 | normal life is like.

1313 |       Take these people out of employment. The unemployment  
1314 | rate in Iraq among males between ages 18 and 35 years old is  
1315 | probably up over 50 percent. Put some of these folks to  
1316 | work.

1317 |       I know you are probably not the guy responsible for that  
1318 | decision, but somewhere someone along the line ought to  
1319 | figure out that if we put some of these Iraqis to work  
1320 | instead of bringing in the lowest wage workers from around  
1321 | the world and exploiting them, it might help the situation  
1322 | there.

1323 | Is that the practice?

1324 | I mean everywhere I go, it seems to be that the workers  
1325 | are from somewhere else. Even though there is a ton of  
1326 | unemployed Iraqis all over Iraq, doing God knows what, we  
1327 | seem to be employing through our tax dollars, through  
1328 | government contracting, we are employing everybody but the  
1329 | Iraqis. I just want to know if that is the policy and is  
1330 | that something that you have seen.

1331 | Mr. DEMMING. Mr. Congressman, I employ over 300 Iraqis  
1332 | in the engineering and construction side of KBR's support for  
1333 | USMI.

1334 | Mr. LYNCH. Out of how many people?

1335 | Mr. DEMMING. That is out of 400 and some odd people.

1336 | Mr. LYNCH. So 75 percent of your entire department.

1337 | How about KBR on the ground in Iraq, how about the total  
1338 | number there?

1339 | Mr. DEMMING. I am not understanding your question. I am  
1340 | on the ground in Iraq.

1341 | Mr. LYNCH. No, no. I am talking about Kellogg Brown and  
1342 | Root, all your operations.

1343 | Mr. DEMMING. Oh, the whole operations, I don't have that  
1344 | information.

1345 | Mr. LYNCH. All right. I will let it go at that. Thank  
1346 | you, Mr. Chairman.

1347 | [Prepared statement of Mr. Lynch follows:]

1348 \*\*\*\*\* INSERT \*\*\*\*\*

1349 Mr. TIERNEY. Thank you, Mr. Lynch.

1350 Mr. Issa, you are recognized for five minutes.

1351 Mr. ISSA. Thank you, Mr. Chairman.

1352 Mr. Demming, it is kind of interesting. This is a  
1353 hearing in search of an enemy, and I keep wondering how many  
1354 and when they are going to turn on you because obviously this  
1355 has been the Democrat agenda from day one. Halliburton, once  
1356 managed by the Vice President. KBR, owned by him.  
1357 Obviously, you are bad guys as a result.

1358 It is sort of interesting that you are here today as a  
1359 neutral observer, somebody to give us information. It is  
1360 sort of amazing when it is convenient, KBR is what it is, an  
1361 incredibly knowledgeable global builder who understand the  
1362 right way, the wrong way, the expeditious way to do things.

1363 Do you see any irony there in your role?

1364 Mr. DEMMING. I will defer that comment.

1365 Mr. ISSA. You are a wise man. I see the irony,  
1366 fortunately, for both of us.

1367 I am not an engineer, but I did once operate an engineer  
1368 company for the Army and did a little other work. What this  
1369 rat's nest looks like to me is like most of the 20 by 20s we  
1370 in the Corps of Engineers built.

1371 It looks like every piece of temporary expeditious  
1372 building that ever went on when you didn't go for permits and  
1373 you used romex or whatever you had to go from point to point

1374 | to get a job done. Is that what it looks like to you?

1375 |       Mr. DEMMING. Yes, it does, Mr. Congressman. I would  
1376 | just like to iterate that in the National Electrical Code,  
1377 | Article 590, temporary refers to 90 days or less.

1378 |       Mr. ISSA. Would it surprise you to know that 75 percent  
1379 | of Fort Ward when I was there was temporary buildings? They  
1380 | were built in World War II. I know I look old, but I wasn't  
1381 | there in World War II or in 90 days after.

1382 |       Mr. DEMMING. No. No, Mr. Congressman. I was stationed  
1383 | there prior to going overseas with the U.S. Army in 1971.

1384 |       Mr. ISSA. Now the State Department estimate--I know you  
1385 | don't have an estimate--is that to do the basic compliance  
1386 | wiring for the items that are shown here, it is four to six  
1387 | thousand dollars to correct that. I am assuming that they  
1388 | are going to drive in a ground on the building side and pick  
1389 | up a new ground there.

1390 |       Is that something that if you were having to retrofit  
1391 | this, you would figure you could do, and with the labor force  
1392 | cost there, you could do for four to six thousand dollars,  
1393 | just a rough guess, to correct it, simply to make it safe?

1394 |       Mr. DEMMING. Mr. Congressman, I can't comment on that  
1395 | price. We run a different system to make things safe because  
1396 | of the ground and the environment over there. It is called a  
1397 | solid grounding system.

1398 |       Mr. ISSA. Okay. I understand. It is probably more than

1399 | we can get into for how we would establish a ground, but  
1400 | basically let us switch to another question.

1401 |         You have operated out of construction trailers for a  
1402 | long time, haven't you?

1403 |         Mr. DEMMING. Yes, Mr. Congressman.

1404 |         Mr. ISSA. You consider them temporary.

1405 |         Mr. DEMMING. No, Mr. Congressman.

1406 |         Mr. ISSA. You don't consider a construction trailer  
1407 | temporary? Please, you don't have to say Mister and  
1408 | Congressman.

1409 |         Mr. DEMMING. A construction trailer, yes, I do. The  
1410 | environment that we are in there at this particular point in  
1411 | time, it is running over 90 days.

1412 |         Mr. ISSA. No, no. I understand that, but I just want to  
1413 | make sure I understand that construction trailers aren't  
1414 | permanent. The connection, the actual drop, the electrical  
1415 | drop to a construction trailer is a separate consideration.  
1416 | It is done normally with a black multi-conductor that comes  
1417 | down. You do different connections on a construction site.

1418 |         Mr. DEMMING. That is correct.

1419 |         Mr. ISSA. Okay.

1420 |         Often on a construction site, and I am not making any  
1421 | apologies for this kind of wiring, but these wires and how  
1422 | they are run, these things, they are often done  
1423 | expeditiously, quick order. Is that true on a construction

1424 | site?

1425 |         Mr. DEMMING. The typical wiring is on the start-up of a  
1426 | project or the ending of a project or during a project is  
1427 | done hastily.

1428 |         Mr. ISSA. Was anyone killed as a result of these  
1429 | mistakes?

1430 |         Mr. DEMMING. When I first landed on the ground in 2003,  
1431 | we did have several soldiers get electrocuted to death, sir.

1432 |         Mr. ISSA. As a result of these trailers?

1433 |         Mr. DEMMING. As a result of bad wiring.

1434 |         Mr. ISSA. These trailers?

1435 |         Mr. DEMMING. Not these trailers. I am not sure of the  
1436 | actual.

1437 |         Mr. ISSA. Okay. I just wanted to find out because that  
1438 | is a separate concern and each accident investigation should  
1439 | be done.

1440 |         Last question because my time is expiring and it is an  
1441 | important one, and I think it is one that we all need to have  
1442 | an answer to.

1443 |         In this combat zone, if you do not source materials at a  
1444 | fairly expensive amount directly from a known source, if you  
1445 | simply buy on the local market or through intermediaries in  
1446 | Iraq, is it likely to get counterfeits and is that one of the  
1447 | reasons that KBR and other prime contractors pay extra to  
1448 | have known sources they are buying from in the region rather

1449 | than picking up on the domestic market?

1450 |       I am particularly referring to the micrometer measurements  
1451 | and the counterfeits that obviously got into this project.

1452 |       Mr. DEMMING. That would be a concern, but it is not  
1453 | common or atypical. We have acquired the proper material  
1454 | in-country through local purchasing.

1455 |       [Prepared statement of Mr. Issa follows:]

1456 | \*\*\*\*\* INSERT \*\*\*\*\*

1457 Mr. TIERNEY. Thank you, Mr. Issa.

1458 Ms. Norton, you are recognized for five minutes.

1459 Ms. NORTON. Thank you, Mr. Chairman. I appreciate this  
1460 hearing.

1461 The State Department, we have been hearing for months  
1462 now as well as other civilian employees have eschewed going  
1463 to Iraq even in the safe zones. We are trying to get our  
1464 soldiers out. We hope we would leave embassy employees  
1465 there. This hearing is important to establish whether it is  
1466 safe for people to be there and whether the United States of  
1467 America is making it safe.

1468 I understand that you have brought some pictures with  
1469 you, and I am going to ask a series of questions to try to  
1470 get to responsibility here. We can look and say, well, you  
1471 could always fix that. I would like to know who is  
1472 responsible.

1473 We are now looking at this picture before you. Could  
1474 you describe for us what the problem is as you see it in your  
1475 expertise?

1476 Mr. DEMMING. Ms. Congresswoman, this particular picture  
1477 here is showing the cabling branch circuits from all the  
1478 other areas of that particular section of modular unit of the  
1479 DFAC. This is underneath the DFAC.

1480 Ms. NORTON. This is what, sorry?

1481 Mr. DEMMING. Underneath the DFAC, underneath the floor.

1482 Ms. NORTON. What is the specific problem that you see?

1483 Mr. DEMMING. Okay. If you look at the cabling there,  
1484 the wire nuts which show the connections where the wires may  
1485 have been spliced together, we call them wire nuts, the  
1486 little red things. Typically are installed in a box with a  
1487 cover.

1488 Ms. NORTON. And it is not with a cover, what is the  
1489 problem? What is the problem?

1490 What is the danger? What is the problem?

1491 Mr. DEMMING. These splices are not done correctly  
1492 according to any standard or code. There is no supporting on  
1493 the wire as well as some of the construction. The holes  
1494 going through the two by four typically require about an inch  
1495 and a quarter from the edge. You can see the holes are  
1496 drilled right at the edge which would allow for a nail to  
1497 puncture the cable.

1498 Ms. NORTON. Did KBR do this? Was it done prior to KBR?  
1499 Did First Kuwaiti do it? Who did this?

1500 Mr. DEMMING. This is the BESF camp. KBR did not perform  
1501 the construction on this camp.

1502 Ms. NORTON. Can we go to the next picture? Would you  
1503 describe, looking at this picture, if there is a problem,  
1504 what is the specific problem?

1505 Mr. DEMMING. I believe what the photographer was trying  
1506 to depict here is there is no ground bar in this panel. This

1507 | would be the submain panel that is fed directly from the main  
1508 | panel from the generators.

1509 |       Ms. NORTON. When you say ground bar, make layman dummies  
1510 | like me understand what you mean.

1511 |       Mr. DEMMING. I am sorry. Excuse me, Ms. Congresswoman.

1512 |       Ms. NORTON. And what the specific problem is from the  
1513 | point of view of not having the ground bar.

1514 |       Mr. DEMMING. There is always the availability of being  
1515 | shocked, and there is no protection for the over-current  
1516 | device, the breakers there, to operate properly.

1517 |       Ms. NORTON. Thank you.

1518 |       Let us go to the next picture. Would you describe the  
1519 | problem there, the specific problem in layman's terms?

1520 |       What are we looking at? What is the problem in layman's  
1521 | terms?

1522 |       What is the danger?

1523 |       Mr. DEMMING. As you can see, the feet and this  
1524 | receptacle is on the floor, improperly installed.

1525 |       Ms. NORTON. So the feet, that is where you plug?

1526 |       Mr. DEMMING. Correct. That is a receptacle.

1527 |       Ms. NORTON. What is the problem with that?

1528 |       Mr. DEMMING. It is on the floor, installed improperly.  
1529 | It would be subject to water and moisture every time they  
1530 | clean the DFAC.

1531 |       Ms. NORTON. Who did this? Did KBR do it? Was it done

1532 | prior to KBR arriving on the scene?

1533 |       Mr. DEMMING. This was done during the construction of  
1534 | the BESF camp, not by KBR.

1535 |       Ms. NORTON. Let us go to the next picture. Next  
1536 | picture, please. Describe what this picture is. If there is  
1537 | a problem, what is the problem?

1538 |       Mr. DEMMING. Okay. These are 100 amp panels installed  
1539 | inside the dining facility. Again, you have to look really  
1540 | close at these pictures. The grounding where the green wires  
1541 | are, the main ground going back to the main panel, is not  
1542 | correctly or non-existent.

1543 |       Ms. NORTON. So what is the problem from the point of  
1544 | view of somebody in the building, for example?

1545 |       Mr. DEMMING. This again, there is a prelude to electric  
1546 | shock and a safety hazard, and the over-current devices won't  
1547 | work properly.

1548 |       Ms. NORTON. Next picture, please. Would you describe  
1549 | any problem, if you see a problem?

1550 |       First, tell us what this is a picture of and if you see  
1551 | a problem, would you tell us what the problem is?

1552 |       Mr. DEMMING. During one of the technical inspections we  
1553 | had after the event where people opened up some of the  
1554 | commercial cooking equipment installed by others in this  
1555 | DFAC, on the right side where the brown, blue and yellow  
1556 | cables are connected to that terminal strip, are incorrectly

1557 | terminated there and the phasing is incorrect.

1558 |       Ms. NORTON. With what result, perhaps?

1559 |       Mr. DEMMING. That would cause. We have a hot wire on  
1560 | the neutral as well as on the line, so that would cause a  
1561 | short or 400 volts instead of 230 volts for operation. That  
1562 | may cause a fire.

1563 |       Ms. NORTON. Did KBR install these cables or were they  
1564 | installed before KBR arrived on the scene?

1565 |       Mr. DEMMING. This was again, Ms. Congresswoman,  
1566 | installed by others.

1567 |       [Prepared statement of Ms. Norton follows:]

1568 | \*\*\*\*\* INSERT \*\*\*\*\*

1569 Mr. TIERNEY. Thank you very much, Ms. Norton.

1570 Ms. NORTON. Thank you, Mr. Chairman.

1571 Mr. TIERNEY. Ms. McCollum, you are recognized for five  
1572 minutes.

1573 Ms. MCCOLLUM. Thank you, Mr. Chair.

1574 When I am in a kitchen, whether it is here or if I am  
1575 visiting someone, and I do travel. I am in a lot of  
1576 developing countries. I have confidence that when I plug  
1577 something in, I am not going to receive an electrical shock  
1578 because there is, as you described, an international code,  
1579 correct?

1580 Mr. DEMMING. I am sorry, Congresswoman. Can you speak a  
1581 little louder?

1582 Ms. MCCOLLUM. When I travel somewhere and I travel  
1583 internationally, and I am in developing countries quite  
1584 often. I am in U.S. embassies. I am in USAID hospital  
1585 facilities or a small type, the equivalent of a Motel 6, not  
1586 even a four star hotel but just staying some place. I have  
1587 confidence that when I go to plug something in, when I go to  
1588 flip a switch, that I won't be electrocuted because there is  
1589 an international standard, correct?

1590 Mr. DEMMING. Not necessarily, Congresswoman.

1591 Ms. MCCOLLUM. Well, I am certainly seeing that, based on  
1592 what you are showing me here, I should have very little  
1593 confidence of anything that has been paid for by U.S.

1594 taxpayers' money, that there has been any kind of  
1595 international standard followed based on these pictures that  
1596 you showed me.

1597       You would have no confidence without inspecting  
1598 something yourself before you plug something in, in this  
1599 compound, based on what you have shared with us today,  
1600 correct?

1601       Mr. DEMMING. Let me see if I understand your question,  
1602 Congresswoman. The countries you have been in, developing  
1603 countries, the environment is atypical.

1604       Ms. MCCOLLUM. I am saying U.S. buildings that I have  
1605 been in where U.S. employees are staying or where the USAID  
1606 has built a hospital or a clinic or embassies, that I should  
1607 feel fairly confident that if I flip the light switch, I am  
1608 not going to be electrocuted.

1609       Mr. DEMMING. Correct.

1610       Ms. MCCOLLUM. But from what I am seeing here and from  
1611 you have shown me, especially in a kitchen area where there  
1612 is water and grease and a lot of electrical appliances being  
1613 plugged in, that I would be a fool to have any confidence  
1614 that if I plug something in or flipped a switch if I was a  
1615 worker there, that I might not be severely shocked or even  
1616 electrocuted.

1617       Mr. DEMMING. Hopefully, the entity that would release  
1618 the building or facility prior to it opening to the public

1619 | would have made these inspections and corrected all those  
1620 | faults, and that is kind of the position that we are playing  
1621 | here right now, Congresswoman.

1622 |         Ms. MCCOLLUM. So that when you have your employees go in  
1623 | there and they plug something in or turn on a switch, that  
1624 | you don't have a worker that is severely injured or possibly  
1625 | even killed by this poor workmanship.

1626 |         Mr. DEMMING. That is correct.

1627 |         Ms. MCCOLLUM. I found it interesting, one of the  
1628 | questions. You had spoken about counterfeit wiring earlier,  
1629 | and someone said well, if you follow the specifications,  
1630 | there isn't a problem. Specifications don't ever call for  
1631 | counterfeit wiring, do they?

1632 |         Mr. DEMMING. No, Congresswoman.

1633 |         Ms. MCCOLLUM. No, I wouldn't think so.

1634 |         Specifications wouldn't call for, as you described in  
1635 | here, an outlet on the floor of a dining area where there is  
1636 | going to be water because people mop it up.

1637 |         To have a non-waterproof, flush-mounted plug-in as one  
1638 | of the pictures showed, that wouldn't be a specification that  
1639 | a U.S. contractor would expect going into a dining facility,  
1640 | would they?

1641 |         Mr. DEMMING. There are codes that regulate that type of  
1642 | installation, Congresswoman.

1643 |         Ms. MCCOLLUM. In your opinion, before KBR comes into

1644 take over running the facility and using it to prepare the  
1645 meals, would you have assumed, because U.S. taxpayers'  
1646 dollars were being used to construct this, even if it is  
1647 temporary, this dining facility, there would have been some  
1648 oversight, some inspection to make sure that when you walked  
1649 in that day, you could have plugged in the equipment, flipped  
1650 a switch and started operating as you had planned?

1651 Mr. DEMMING. We do perform those inspections prior to  
1652 operating or taking over a facility, Congresswoman.

1653 Ms. MCCOLLUM. What was your reaction when you sent the  
1654 cable saying that there were problems, when you went up the  
1655 chain of command, saying that there are problems with this?

1656 What was the Government's reaction, who had contracted  
1657 out and paid for this service? Shocked? Surprised? Had  
1658 they inspected it?

1659 Mr. DEMMING. They showed concern, Congresswoman.

1660 [Prepared statement of Ms. McCollum follows:]

1661 \*\*\*\*\* INSERT \*\*\*\*\*

1662 Mr. TIERNEY. Thank you, Ms. McCollum.

1663 Ms. MCCOLLUM. Thank you.

1664 Mr. TIERNEY. Mr. Sarbanes, do you have any questions?

1665 Mr. SARBANES. Just a couple, Mr. Chairman.

1666 Mr. TIERNEY. You are recognized for five minutes.

1667 Mr. SARBANES. Thank you.

1668 Mr. Demming, KBR's connection to all this, I am trying  
1669 to understand. This is a basic factual question. In terms  
1670 of First Kuwaiti was the prime contractor for this base camp  
1671 or guard camp that was put together, and KBR was coming in  
1672 behind for what purpose? Can you just tell me that again?

1673 Mr. DEMMING. We were asked to care for the facilities  
1674 under an operations and maintenance agreement with the  
1675 Department of State Facilities Management and our client, the  
1676 U.S. Army. When we performed the technical inspection prior  
1677 to accepting the operations and maintenance agreement is when  
1678 we started noticing.

1679 Mr. SARBANES. So First Kuwaiti was not a subcontractor  
1680 to KBR in this instance.

1681 Mr. DEMMING. No, Congressman.

1682 Mr. SARBANES. But has First Kuwaiti been a subcontractor  
1683 for KBR in other situations?

1684 Mr. DEMMING. Yes, sir, Mr. Congressman. We have used  
1685 First Kuwaiti for other services as a subcontractor.

1686 Mr. SARBANES. In connection with this embassy project or

1687 | with other things separate from the project?

1688 |       Mr. DEMMING. With other smaller projects.

1689 |       Mr. SARBANES. The problems that you discovered or found  
1690 | when you got there, for the moment, all your knowledge is  
1691 | that related to this guard camp. You don't have any  
1692 | knowledge yet that there are similar problems in the other  
1693 | parts of the project, the larger embassy project. Is that  
1694 | what you said?

1695 |       Mr. DEMMING. That is correct, Congressman.

1696 |       Mr. SARBANES. Are the teams of people that were deployed  
1697 | on this guard camp, whether electrical teams or others, are  
1698 | they completely separate from teams that might be deployed to  
1699 | other parts of the project, as far as you know, even though  
1700 | they are all First Kuwaiti employees?

1701 |       Do you understand what I am asking you?

1702 |       Mr. DEMMING. No, Mr. Congressman. Could you repeat  
1703 | that?

1704 |       Mr. SARBANES. The First Kuwaiti employees who would have  
1705 | worked on the guard camp, would any of those employees either  
1706 | have worked on the other parts of the embassy project or is  
1707 | there a possibility they will work on the embassy project  
1708 | going forward?

1709 |       Mr. DEMMING. I can't answer that, Mr. Congressman.

1710 |       Mr. SARBANES. But that is certainly possible, wouldn't  
1711 | you say?

1712 Mr. DEMMING. I would imagine so. It is not a very big  
1713 place.

1714 The extent of some of the other contracts we use First  
1715 Kuwaiti for is mainly concrete, providing concrete, not any,  
1716 no projects to this extent.

1717 Mr. SARBANES. I was looking through the submitted  
1718 testimony of First Kuwaiti, and they said here with respect  
1719 to the guard camp that although constructed by First Kuwaiti,  
1720 it is a project separate from that of the embassy with  
1721 separate budgets, different First Kuwaiti management teams  
1722 and different State Department supervisors.

1723 I guess the implication of that being that whatever  
1724 problems there may be associated with the guard camp are  
1725 things that could be kind of confined to that because there  
1726 are these separate management teams and separate budgets.

1727 But you have indicated it is certainly possible that the  
1728 actual employees that would be deployed to work on an  
1729 electrical component of the larger project could be some of  
1730 the same employees that worked on this guard camp, right? I  
1731 mean that is very possible.

1732 Mr. DEMMING. To my recollection, Congressman, I don't  
1733 know anything about that. Our involvement over there is very  
1734 limited as far as the correlation between.

1735 Mr. SARBANES. Would you agree, though, that that would  
1736 certainly be something we would want to know, that you would

1737 | want to know?

1738 |         You would want to know whether the folks that were

1739 | responsible for this shoddy workmanship, where they are going

1740 | next, what is their next project, what is the next footprint

1741 | they are going to make on the larger embassy project. I mean

1742 | you would agree that that would be something reasonable to

1743 | know.

1744 |         Mr. DEMMING. I would like to defer that question, Mr.

1745 | Congressman.

1746 |         Mr. SARBANES. Thank you. I have no further questions.

1747 |         [Prepared statement of Mr. Sarbanes follows:]

1748 | \*\*\*\*\* INSERT \*\*\*\*\*

1749 Mr. TIERNEY. Thank you, Mr. Sarbanes.

1750 Mr. Cannon, you are recognized for five minutes.

1751 Mr. CANNON. Thank you, Mr. Chairman. I appreciate your

1752 holding the hearing and would like to yield to the Ranking

1753 Member, Mr. Davis.

1754 [Prepared statement of Mr. Cannon follows:]

1755 \*\*\*\*\* INSERT \*\*\*\*\*

1756 Mr. DAVIS OF VIRGINIA. Thank you.

1757 Let me just give a perspective. This is a punch list  
1758 item we are talking about. You plugged it in. The wiring  
1759 didn't work.

1760 This is a firm fixed-price contract. First Kuwaiti  
1761 hasn't been paid a penny yet, to my knowledge. Do you have  
1762 any knowledge that they have been paid anything, Mr. Demming?

1763 Mr. DEMMING. No, Mr. Congressman.

1764 Mr. DAVIS OF VIRGINIA. The way this works is they  
1765 haven't been paid a penny. They have to fix it. They have  
1766 to deliver it. We pay for it. We don't pay for it until it  
1767 is perfect.

1768 It is not uncommon in construction whether they are  
1769 complex construction projects or a temporary project like  
1770 this, that things in the punch list go wrong. Sometimes  
1771 there is painting speckled, something gets damaged and the  
1772 like. Isn't that your experience, that there are usually  
1773 numerous punch list items on inspections?

1774 Mr. DEMMING. Yes, there is, Mr. Congressman.

1775 Mr. DAVIS OF VIRGINIA. Thank you.

1776 So let us put this in perspective. My understanding is  
1777 the cost that it would take for these repairs, wiring and so  
1778 on, if they need to be done--again we don't know what the  
1779 specs were but we know what the expectation was--is four to  
1780 six thousand dollars.

1781           It costs more to hold this hearing than it would to fix  
1782 this, and this is under a firm fixed-price contract.

1783           Let me just ask this. KBR does do business with First  
1784 Kuwaiti, right?

1785           Mr. DEMMING. Yes, Mr. Congressman.

1786           Mr. DAVIS OF VIRGINIA. You have not found them an  
1787 irresponsible contractor?

1788           Mr. DEMMING. Mr. Congressman, I don't deal with the  
1789 contracts, only with the projects.

1790           Mr. DAVIS OF VIRGINIA. But you deal with them on the  
1791 projects. Have they been a bad contractor?

1792           Mr. DEMMING. They usually work for us in the capacity of  
1793 providing something.

1794           Mr. DAVIS OF VIRGINIA. Do they do a good job or a bad  
1795 job?

1796           Mr. DEMMING. They do okay.

1797           Mr. DAVIS OF VIRGINIA. All of your knowledge that you  
1798 have testified on today is about the temporary trailer area,  
1799 not the embassy, is that correct?

1800           Mr. DEMMING. That is correct.

1801           Mr. DAVIS OF VIRGINIA. You have really no knowledge  
1802 about the embassy contract, per se, which was hyped in the  
1803 headline for this hearing today.

1804           Mr. DEMMING. That is correct.

1805           Mr. DAVIS OF VIRGINIA. I just wanted to clarify that. I

1806 think that is all I have. I would yield.

1807 Mr. CANNON. I would be happy to yield to Mr. Issa.

1808 Mr. ISSA. Thank you.

1809 You are familiar in Iraq with the other temporary  
1810 structures that are military, aren't you? You have seen the  
1811 thousands of tents that our troops are in?

1812 Mr. DEMMING. Yes, Mr. Congressman.

1813 Mr. ISSA. Have you looked at the electrical on any of  
1814 those?

1815 Mr. DEMMING. We have in the past, Mr. Congressman.

1816 Mr. ISSA. Just quickly, they have been there more than  
1817 90 days, right?

1818 Mr. DEMMING. Yes, sir, Mr. Congressman.

1819 Mr. ISSA. In some cases, we have had to replace canvas  
1820 because it sort of eroded over the time of this war, isn't  
1821 that your understanding?

1822 Mr. DEMMING. Yes, Mr. Congressman.

1823 Mr. ISSA. In fact, what we have is laid on top of the  
1824 ground, black double-insulated, multi-conductor running to  
1825 those tents from my experience. Is that roughly your  
1826 experience?

1827 Mr. DEMMING. Typically, on the unit that I run with the  
1828 USMI, Mr. Congressman, all our cabling if it is going to  
1829 ground, even a tent, is buried. It is put under ground a  
1830 minimum of 2 feet of 750 millimeters. This is for safety

1831 | purposes. In case there is an event or an IDF attack, we  
1832 | have to run.

1833 |         Mr. ISSA. I understand they have been going back and  
1834 | retrofitting. Perhaps I should have said on my first of many  
1835 | trips to Iraq this is how they did it and they have been  
1836 | going back and retrofitting.

1837 |         Have you been involved with other combat engineer type  
1838 | operations, though, over the years in support or past  
1839 | experience? Have you seen how they typically go?

1840 |         Mr. DEMMING. No, Congressman.

1841 |         Mr. ISSA. Well, let me just run you through my limited  
1842 | experience. Typically, you come in. You roll a trailer in.  
1843 | You roll out some black multi-conductor of the correct  
1844 | amperage. You hook it up. You put the other end on a  
1845 | generator. You crank it up. You got a light bulb going and  
1846 | a couple of plugs.

1847 |         Then as you have resources, you come back and do updates  
1848 | and modifications as you need to be. By the way, no excuse  
1849 | for any safety violations, no excuse for bare wires or  
1850 | absence of grounds.

1851 |         But isn't that sort of the normal way you do it in a  
1852 | combat environment when you bring in temporary structures is  
1853 | you get the things up and operational and get people out of  
1854 | the elements and then you do continuous refinements and  
1855 | improvements? Has that been your experience?

1856 Mr. DEMMING. Mr. Congressman, I believe the standards  
1857 for that would 281-1.

1858 Mr. ISSA. But isn't it true that the Corps of Engineers  
1859 in a combat environment operates under what is necessary to  
1860 accomplish the mission? Isn't that your understanding in a  
1861 combat environment?

1862 Mr. DEMMING. I was not a combat engineer, Mr.  
1863 Congressman.

1864 Mr. ISSA. Okay, maybe that was a luxury you didn't have.

1865 Isn't it true that these trailers were made in another  
1866 country and brought in and that many of these flaws which  
1867 needed to be corrected--the State Department says 6,000  
1868 worth--would normally happen if you had a one time  
1869 subcontractor and you are trying to get things done in a  
1870 combat environment on a temporary basis in order to  
1871 accomplish a mission?

1872 Isn't that reasonable that you take the trailer and make  
1873 the retrofit because you can't afford to wait another four  
1874 months to get structures?

1875 Mr. DEMMING. Yes, Mr. Congressman.

1876 Mr. ISSA. Thank you.

1877 Thank you, Mr. Chairman.

1878 Mr. TIERNEY. Thank you.

1879 I just have one question before I let you go, Mr.  
1880 Demming, and I thank you for your patience.

1881           Given your experience and given your observations out  
1882 there, knowing that the same company has done the camp area  
1883 as well as the embassy, would you advise that we ought to  
1884 have any concern about the electrical wiring in other parts  
1885 of the embassy?

1886           Mr. DEMMING. I am sorry, Congressman. Can you repeat  
1887 the last part of that.

1888           Mr. TIERNEY. Given your experience, given your  
1889 observations and understanding that the same company that is  
1890 the contractor for the work that you have been talking about  
1891 is the same contractor for the embassy, ought there be some  
1892 concern about the wiring in other parts of the embassy?

1893           Mr. DEMMING. I would really rather not make that  
1894 determination here.

1895           Mr. TIERNEY. I am asking for an opinion, so you don't  
1896 need to make a determination. I am asking for an opinion  
1897 based on your background and your observations.

1898           Mr. DEMMING. I would like to defer that opinion, Mr.  
1899 Congressman.

1900           Mr. TIERNEY. I know you would, sir, but I am asking for  
1901 your opinion.

1902           Mr. DEMMING. My opinion, there may be concern here.

1903           Mr. TIERNEY. Thank you, Mr. Demming.

1904           I want to thank you very much for your testimony today  
1905 and thank the members of the panel as well. You may be happy

1906 | to leave that table if you would, and the other witnesses  
1907 | will come on.

1908 |         Mr. DAVIS OF VIRGINIA. Mr. Chairman, point of order, I  
1909 | thought we were doing a second round.

1910 |         Mr. TIERNEY. No, sir, we are not.

1911 |         Mr. DAVIS OF VIRGINIA. Oh, okay.

1912 |         Mr. TIERNEY. Thank you, Mr. Demming.

1913 |         Mr. DEMMING. Thank you, Mr. Chairman.

1914 |         Mr. TIERNEY. We will take about a one minute break here  
1915 | while the second panel gets up here.

1916 |         [Recess.]

1917 |         Mr. TIERNEY. The Committee and the Subcommittee will now  
1918 | receive testimony from our second panel.

1919 |         I would like to introduce the members of our panel, the  
1920 | witnesses that are here to offer information about First  
1921 | Kuwaiti labor practices from their perspective. Mr. John  
1922 | Owens is the former First Kuwaiti construction foreman on the  
1923 | embassy project and Mr. Rory Mayberry is the former First  
1924 | Kuwaiti subcontractor medic on the embassy project.

1925 |         Thank you both for being here today and for sharing your  
1926 | testimony and experiences. I know it took courage to come  
1927 | here and to participate.

1928 |         As for your full statements, they are going to be  
1929 | entered onto the record and transcript.

1930 |         You may give a brief account of that if you like. You

1931 | have five minutes to talk. You might want to summarize your  
1932 | testimony so you try to get it in the five minutes. I will  
1933 | try not to cut you off but may remind you if you are going  
1934 | over.

1935 |         It is the policy of the Committee and of the  
1936 | Subcommittee to swear you before you testify, so I ask you to  
1937 | raise your right hand and stand if you would.

1938 |         [Witnesses sworn.]

1939 |         Mr. TIERNEY. The record will please reflect that both  
1940 | witnesses have answered in the affirmative.

1941 |         Again, I ask you to proceed and remember the five minute  
1942 | rule if you could.

1943 |         Mr. Owens, I ask you to go first.

1944 | STATEMENTS OF JOHN OWENS, FORMER EMPLOYEE, FIRST KUWAITI  
1945 | TRADING & CONTRACTING COMPANY AND RORY MAYBERRY, FORMER  
1946 | EMPLOYEE, FIRST KUWAITI TRADING & CONTRACTING COMPANY

1947 | STATEMENT OF JOHN OWENS

1948 |           Mr. OWENS. Thank you to Chairman Waxman and Chairman  
1949 | Tierney and the members of the full Committee for inviting me  
1950 | to testify here today.

1951 |           My statement will address labor abuse, human trafficking  
1952 | and other concerning issues that I personally witnessed on  
1953 | the construction site at the U.S. Embassy in Baghdad.

1954 |           My name is John Owens. I have worked on construction  
1955 | projects for many years, and since 2002 I have worked on U.S.  
1956 | embassy projects. My specialty is architectural finishing.

1957 |           After I finished working with the U.S. Government on the  
1958 | construction of the embassy in Cambodia, I went looking for a  
1959 | new project and I signed on with First Kuwaiti to work on the  
1960 | U.S. Embassy in Baghdad. They signed me on as a general  
1961 | foreman on the construction site. In all, I was employed by  
1962 | First Kuwaiti for approximately eight months from November  
1963 | through June, from November 2005 to June 2006.

1964 |           When I arrived at the site of the U.S. Embassy, the  
1965 | biggest thing that hit me right off the bat was I wanted to

1966 | know where all the Americans were. Based on my experience  
1967 | working on other embassies, I was used to seeing more  
1968 | Americans on-site to manage the construction and direct the  
1969 | workers. It turns out there were two other Americans  
1970 | on-site. However, they were not employed by First Kuwaiti.  
1971 | They were employed by subcontractors.

1972 | I would like to take a moment to describe conditions on  
1973 | the site in a little more detail.

1974 | This was a man camp and by nature not the most pleasant  
1975 | of places to be, yet the conditions were deplorable beyond  
1976 | even what a working man should tolerate. Foreign workers  
1977 | were packed into trailers very tight.

1978 | There was insufficient equipment and basic needs like  
1979 | shoes and gloves. If a construction worker needed a new pair  
1980 | of shoes, he was told, no, do with what you have, by First  
1981 | Kuwaiti managers.

1982 | The contract for these workers said they had to work 12  
1983 | hours a day, 7 days a week, with some time off on Friday for  
1984 | prayers.

1985 | A few people from India told me they were making \$240 a  
1986 | month. A guy from Sierra Leone told me got paid \$300 a  
1987 | month. A Pakistani worker told me he made \$900 a month, but  
1988 | he had to pay additional costs for his own work permits and  
1989 | visas, and afterwards he told me he probably averaged about  
1990 | \$300 a month.

1991 Many of the workers were verbally and physically abused,  
1992 intimidated and had their salaries docked for as much as  
1993 three days pay for reasons such as being five minutes late,  
1994 sitting down on the job and other stuff.

1995 Because I was the only American on-site working for  
1996 First Kuwaiti, many of the workers thought I had some kind of  
1997 power that I could help them with their problems. Many  
1998 workers often came to me and told me that they hadn't been  
1999 paid overtime, that their salaries were short, and they also  
2000 came to me with their health problems, often asking me if I  
2001 could go off-site to get some medication for them.

2002 It is not uncommon for a construction company to use  
2003 native workers or even foreign workers to build an embassy.  
2004 I have witnessed this at other embassy construction sites  
2005 that I have worked on. However, I do believe that if more  
2006 Americans were on-site at the U.S. Embassy in Baghdad, the  
2007 abuses I witnessed would not have been taking place. No  
2008 American company would ever treat people the way I saw people  
2009 being treated on that job.

2010 As I think of it, given the size of this job, my  
2011 experience tells me that the State Department would usually  
2012 have far more American staff members on hand to oversee the  
2013 construction project.

2014 I would like to touch briefly on the issues of human  
2015 trafficking, human trafficking that I believe I witnessed

2016 | there. When flying from Kuwait to Baghdad, I saw a bunch of  
2017 | workers in the boarding area with boarding passes for Dubai.  
2018 | I was the only one in the group that had a boarding pass that  
2019 | said Iraq on it. When I asked a First Kuwaiti manager, he  
2020 | told me to be quiet and don't say anything. If Kuwaiti  
2021 | customs knew they were going to Iraq, they wouldn't let them  
2022 | on the plane.

2023 |         When we landed, these workers were taken away on buses.  
2024 | There was nobody manning the customs stations, and I just  
2025 | walked through without checking. Nobody asked for my  
2026 | passport.

2027 |         Mr. Chairman and members of the Committee, I believe  
2028 | that I had more experience in building embassies than anybody  
2029 | else on the site. The embassy was not far enough along for  
2030 | me to use my specific skills, so First Kuwaiti put me to work  
2031 | as a security liaison among other tasks.

2032 |         I think the American people might understand what was  
2033 | going through my head over there as I watched this abusive  
2034 | and unprofessional practice taking place. I kept thinking it  
2035 | would get better. I kept telling myself it would get better.  
2036 | But after more time had passed and things didn't get better,  
2037 | I felt bad all the time and I realized it was time to resign  
2038 | and maybe speak up for those that don't have a voice.

2039 |         This ends my statement. I would be pleased to take your  
2040 | questions.

2041 [Prepared statement of Mr. Owens follows:]

2042 \*\*\*\*\* INSERT \*\*\*\*\*

2043 | Mr. TIERNEY. Thank you, Mr. Owens.

2044 | Mr. Mayberry, you may proceed with your opening

2045 | statement if you wish.

2046 STATEMENT OF RORY MAYBERRY

2047 Mr. MAYBERRY. I would like to thank Chairman Waxman and  
2048 Chairman Tierney and other members of the full Committee for  
2049 allowing me to come testify today.

2050 I believe I am one of only a few Americans that have  
2051 recently worked on the site of the new embassy in Baghdad.  
2052 My impressions about how the construction was being managed  
2053 left me incredibly disturbed.

2054 My name is Rory Mayberry. I am an emergency medical  
2055 technician. Based on my professional experience and the fact  
2056 that I have spent four years as a medical technician in Iraq,  
2057 I was contacted by MSDS Consulting, LLC, March, 2006.

2058 MSDS had seen my resume and wanted to contact me and  
2059 contract me out to First Kuwaiti, the company that was  
2060 constructing the U.S. Embassy in Baghdad. Under the  
2061 contract, I was to provide emergency medical services on the  
2062 site of the embassy.

2063 I went into this contract with the same good faith as I  
2064 did with all my other contracts. I wanted to use my medical  
2065 skills to stop people from dying in a dangerous place.

2066 According to my contract, I reported to First Kuwaiti  
2067 managers in Kuwait City where I signed my paperwork and  
2068 received photo identification. Nothing led me to be

2069 concerned at this point.

2070 A few days later, I was given my flight information to  
2071 Baghdad. At this point, First Kuwaiti managers asked me to  
2072 escort 51 Filipino nationals and to make sure that they got  
2073 on the same flight as I was headed to Baghdad.

2074 Many of these Filipinos did not speak any English. I  
2075 wanted to help them to make sure that they got on the flight  
2076 okay, just as my managers had asked me. We were all  
2077 employees of the same company was my feeling.

2078 But when we got to the Kuwait Airport, I noticed that  
2079 all their tickets said that we were going to Dubai. I asked  
2080 why.

2081 A First Kuwaiti manager told me that Filipino passports  
2082 do not allow Filipinos to fly to Iraq. They must be marked  
2083 going to Dubai. The First Kuwaiti manager added that I  
2084 should not tell any of the Filipinos that they were being  
2085 taken to Baghdad.

2086 As I found later, these men thought that they had signed  
2087 up for jobs to work in Dubai hotels. One fellow I met told  
2088 me in broken English that he was excited to start a new job  
2089 as a telephone repairman. They had no idea that they were  
2090 being sent to do construction work at the embassy.

2091 Well, Mr. Chairman, when the airplane took off and the  
2092 captain announced that we were headed to Baghdad, all you  
2093 know what broke out on the airplane. The men started

2094 shouting. It wasn't until the security guy working for First  
2095 Kuwaiti waved an MP-5 in the air that the men settled down.  
2096 They realized that they had no other choice but to go to  
2097 Baghdad.

2098 Let me spell it out clearly. I believe these men were  
2099 kidnapped by First Kuwaiti to work on the U.S. Embassy. They  
2100 had no passports because they were confiscated at the Kuwait  
2101 Airport. When the airplane touched down in Baghdad, they  
2102 were loaded onto buses and taken away.

2103 Later, I found out that they were smuggled into the  
2104 Green Zone. They had no i.d., no passports and were being  
2105 smuggled past U.S. security forces.

2106 I had a trailer all to myself in the Green Zone, but  
2107 they were packed 25 to 30 a trailer, and every day they went  
2108 out to work on the construction of the embassy without proper  
2109 safety equipment.

2110 I went out on the construction site to watch. There  
2111 were a lot of injuries out there because of the conditions  
2112 these men were forced to work in. It was absurd.

2113 I had been hired based on my experience with OSHA  
2114 guidelines and compliance, and I saw guys without shoes,  
2115 without gloves, no safety harnesses and on scaffolding 30  
2116 feet off the ground, their toes wrapped around the rebar like  
2117 a bunch of birds. One guy was up there intoxicated on  
2118 painkillers, and I had to yell and scream for 10 minutes

2119 | until they got him down.

2120 |       I was afraid of blowing the whistle on this because I  
2121 | didn't want to end up outside the walls of the Green Zone and  
2122 | left to fend for myself. I stayed in Baghdad at the site of  
2123 | the U.S. Embassy a total of five days before I was sent home.

2124 |       Once I got home, I contacted the military about what I  
2125 | had witnessed. After much delay and e-mail traffic, the  
2126 | military told me in fact the State Department is in charge of  
2127 | the embassy construction.

2128 |       I have read the State Department Inspector General's  
2129 | report on the construction of the embassy. Mr. Chairman, it  
2130 | is not worth the paper it is printed on. This is a coverup,  
2131 | and I am glad that I have had the opportunity to set the  
2132 | record straight. I look forward to your questions.

2133 |       [Prepared statement of Mr. Mayberry follows:]

2134 | \*\*\*\*\* INSERT \*\*\*\*\*

2135 | Mr. TIERNEY. I want to thank you both for your  
2136 | testimony. Your testimony in written form has been put on  
2137 | the record already by unanimous consent as I noted earlier.

2138 | Let me start the questioning by asking Mr. Owens. Did  
2139 | you observe any physical abuse of workers on the site?

2140 | Mr. OWENS. Yes, sir.

2141 | Mr. TIERNEY. What is it that you saw?

2142 | Mr. OWENS. Guys getting shoved to the ground.

2143 | Mr. TIERNEY. By who?

2144 | Mr. OWENS. First Kuwaiti managers and just generally  
2145 | being pushed around, shoved to the ground, yelled at,  
2146 | screamed at, that kind of stuff.

2147 | Mr. TIERNEY. Did you report those incidents to First  
2148 | Kuwaiti or to the OBO?

2149 | Mr. OWENS. No.

2150 | Mr. TIERNEY. Did you ever witness any First Kuwaiti  
2151 | officials carrying firearms or weapons on the compound site?

2152 | Mr. OWENS. Yes, sir.

2153 | Mr. TIERNEY. Are you aware that according to the  
2154 | contract that First Kuwaiti had with the State Department you  
2155 | needed permission to carry a weapon on the site?

2156 | Mr. OWENS. Yes, sir.

2157 | Mr. TIERNEY. Did either of you witness First Kuwaiti  
2158 | officials, managers or foremen verbally abusing third party  
2159 | national workers?

2160 Mr. OWENS. Yes.

2161 Mr. TIERNEY. You indicated you had, Mr. Owens.

2162 Mr. Mayberry, did you?

2163 Mr. MAYBERRY. I didn't hear the question.

2164 Mr. TIERNEY. Did you witness any verbal abuse by foremen  
2165 of the nationals?

2166 Mr. MAYBERRY. Yes, sir.

2167 Mr. TIERNEY. To the best of your knowledge, any third  
2168 country nationals, how did they take that abuse and what  
2169 reactions resulted?

2170 Mr. MAYBERRY. What I had seen, they would cower down to  
2171 them. They would stop talking. Anything that they had to  
2172 say, they would literally cower down to the management team.

2173 Mr. TIERNEY. Mr. Owens, what was your experience?

2174 Mr. OWENS. Yes, that is correct. They would back down.

2175 Mr. TIERNEY. Mr. Owens, are you aware of any instance  
2176 where a laborer was held or detained against his or her will?

2177 Mr. OWENS. Yes, sir.

2178 Mr. TIERNEY. What would happen if a laborer wanted to  
2179 leave the work site?

2180 Mr. OWENS. They wouldn't be. The triple canopy guards  
2181 would stop them. They wouldn't be allowed unless they could  
2182 sneak over the wall.

2183 Mr. TIERNEY. Did you witness any opportunity where that  
2184 occurred?

2185 Mr. OWENS. Yes.

2186 Mr. TIERNEY. Would you tell us about it, please?

2187 Mr. OWENS. One night, 17 Filipino workers went over the  
2188 wall to find another job in the Green Zone.

2189 Mr. TIERNEY. How were you aware of that?

2190 Mr. OWENS. They told me.

2191 Mr. TIERNEY. Did you see what happened as a result of  
2192 their attempt to go over the wall?

2193 Mr. OWENS. Well, when they went over the wall, First  
2194 Kuwaiti sent somebody out to look for them and they brought  
2195 them back.

2196 I guess they told the ones that got a job with another  
2197 company. They were told. The company was told they would  
2198 get sued if they kept that worker, that First Kuwaiti had  
2199 paid to bring them to Iraq. So, you know, they were supposed  
2200 to work for First Kuwaiti.

2201 Mr. TIERNEY. Were you aware, Mr. Owens, of any worker  
2202 safety protection programs or training that was in place at  
2203 the work sites?

2204 Mr. OWENS. None whatsoever.

2205 Mr. TIERNEY. How did that compare to other workplace  
2206 safety programs or embassy construction projects on which you  
2207 have worked in the past?

2208 Mr. OWENS. The whole time I was on the site, I never saw  
2209 one safety meeting, not one. But on other, all of the other

2210 | embassy jobs that I worked on, there was a safety meeting  
2211 | every week.

2212 |         Mr. TIERNEY. Did you ever report the lack of safety  
2213 | meetings or incidents of that to any other official?

2214 |         Mr. OWENS. Yes, I spoke with Mary French, the Project  
2215 | Director.

2216 |         Mr. TIERNEY. What reaction did you get from her?

2217 |         Mr. OWENS. It was a conversation. I noticed that there  
2218 | was a lot of guys on the job that weren't wearing hard hats  
2219 | and they were wearing turbans, you know, where they just take  
2220 | cloth and wrap it around their head, and I asked her. I  
2221 | said, how can they get away with that?

2222 |         Mary told me that the hats were against their religion.  
2223 | They couldn't wear a hat. They had to wear the turban.

2224 |         So I said, well, that really won't do much good if a  
2225 | piece of rebar falls, you know, falls on them.

2226 |         She told me that they believe in inshala which means God  
2227 | willing if they are going to get hurt or not going to get  
2228 | hurt.

2229 |         Mr. TIERNEY. Did the workers have access to safety  
2230 | equipment: hard hats, protective eyewear, appropriate  
2231 | footwear? Was there access to those things?

2232 |         Mr. OWENS. Yes, I believe they pretty much did, but we  
2233 | were running out a lot. You know. A lot of guys would have  
2234 | to wait. It would be ordered.

2235 Mr. TIERNEY. Did you observe any injuries on the  
2236 workplace?

2237 Mr. OWENS. Yes.

2238 Mr. TIERNEY. Would you tell me about that?

2239 Mr. OWENS. I just seen guys falling through stacked  
2240 rebar before concrete pours, guys falling through it. There  
2241 was one pretty bad accident where a guy fell off of a  
2242 building because he wasn't roped off properly, but he was  
2243 already on the ground by the time I got there.

2244 Mr. TIERNEY. Mr. Owens, were you ever contacted by the  
2245 State Department Inspector General, Howard Krongard,  
2246 regarding the allegations that you have made on abusive labor  
2247 practices by First Kuwaiti?

2248 Mr. OWENS. No.

2249 Mr. TIERNEY. Were you ever contacted by Deputy Inspector  
2250 General William Todd?

2251 Mr. OWENS. No.

2252 Mr. TIERNEY. Were you ever contacted by anyone who  
2253 identified himself or herself as a staff member of the State  
2254 Department Inspector General?

2255 Mr. OWENS. No.

2256 Mr. TIERNEY. Mr. Mayberry, were you ever contacted by  
2257 the State Department Inspector General, Howard Krongard,  
2258 regarding allegations that you have made about abusive labor  
2259 practices by First Kuwaiti?

2260 Mr. MAYBERRY. No, sir.

2261 Mr. TIERNEY. By Deputy Inspector General William Todd?

2262 Mr. MAYBERRY. No, sir.

2263 Mr. TIERNEY. By anyone identifying himself or herself as

2264 a staff member of the State Department Inspector General?

2265 Mr. MAYBERRY. No, sir.

2266 Mr. TIERNEY. Have either of you been questioned by the

2267 Department of Justice with respect to their investigations?

2268 Mr. MAYBERRY. Yes, sir.

2269 Mr. TIERNEY. Mr. Owens?

2270 Mr. OWENS. Yes. The Justice Department, yes.

2271 Mr. TIERNEY. I notice that my time is expired.

2272 Mr. Davis, you are recognized for five minutes.

2273 Mr. DAVIS OF VIRGINIA. Well, thank you very much.

2274 I want to thank both of you for your testimony.

2275 Let me just ask you for the record. Did each of you

2276 write your statement that you submitted this morning?

2277 Mr. Owens?

2278 Mr. OWENS. Yes, sir, I wrote it, but somebody spell

2279 checked it for me.

2280 Mr. DAVIS OF VIRGINIA. Mr. Mayberry?

2281 Mr. MAYBERRY. I wrote my own, sir, and somebody

2282 spell-checked.

2283 Mr. DAVIS OF VIRGINIA. Who was somebody? GAO?

2284 Mr. MAYBERRY. Yes, sir.

2285 Mr. DAVIS OF VIRGINIA. Because we have a document here  
2286 saying that a document came from GAO that was put in there.

2287 That is all they did is spell check it?

2288 Mr. MAYBERRY. Yes, sir.

2289 Mr. DAVIS OF VIRGINIA. Let me ask you, Mr. Owens.  
2290 Several press articles report that you have a False Claims  
2291 Act lawsuit pending against First Kuwaiti, is this true?

2292 Mr. OWENS. I am here today voluntarily to speak only  
2293 about human rights violations that I observed.

2294 Mr. DAVIS OF VIRGINIA. And do you have a claim pending  
2295 against First Kuwaiti?

2296 Mr. OWENS. I am sorry.

2297 Mr. DAVIS OF VIRGINIA. You told the Committee yesterday  
2298 you didn't.

2299 Mr. OWENS. I am sorry.

2300 Mr. DAVIS OF VIRGINIA. You told the Committee  
2301 yesterday--let me just finish. You told the staff yesterday  
2302 that you did not. That could be a false claim if, in fact,  
2303 you have, but there have been press reports that you do.

2304 I am asking you now under oath to clarify that if you  
2305 would like to. Otherwise, we will proceed accordingly.

2306 Mr. OWENS. I am not legally permitted. No. I am.

2307 Mr. DAVIS OF VIRGINIA. You are under oath.

2308 Mr. OWENS. I am under oath, and I am legally prevented  
2309 from answering that question.

2310 Mr. DAVIS OF VIRGINIA. Not before a Congressional  
2311 committee.

2312 Mr. TIERNEY. The Chair acknowledges, Mr. Davis, that I  
2313 believe if there were such a suit, it would be a sealed suit.  
2314 He probably would not be able to talk about it.

2315 Mr. DAVIS OF VIRGINIA. It wasn't sealed in the Wall  
2316 Street Journal when they reported it. I guess what is more  
2317 disturbing is yesterday he told the Committee he did not have  
2318 anything pending. So that could be a false claim, and we  
2319 will explore that later.

2320 How long were you in Iraq working for First Kuwaiti?

2321 Mr. OWENS. Approximately eight months, November, 2005  
2322 through June of 2006.

2323 Mr. DAVIS OF VIRGINIA. In your written statement, you  
2324 said ``I felt so bad that I just realized I had to speak  
2325 up.``

2326 If, in fact, you have a lawsuit coming against First  
2327 Kuwaiti--which I think we can assume we have because if it is  
2328 a sealed order obviously you do--wouldn't you say that  
2329 publicly smearing the defendant is also to your monetary  
2330 advantage? Wouldn't it be?

2331 Mr. OWENS. I am legally prevented from answering that  
2332 question.

2333 Mr. DAVIS OF VIRGINIA. I think we get the picture.

2334 How many flights did you take over to Baghdad?

2335 Mr. OWENS. How many flights?

2336 Mr. DAVIS OF VIRGINIA. Yes.

2337 Mr. OWENS. I believe four.

2338 Mr. DAVIS OF VIRGINIA. How many of those flights did you  
2339 notice the problem with the boarding passes saying Dubai?

2340 Mr. OWENS. One.

2341 Mr. DAVIS OF VIRGINIA. The State IG's limited review of  
2342 the conditions at the Baghdad embassy did not have the same  
2343 assessment that you did. The Inspector General, the  
2344 independent Inspector General, did not have the same  
2345 assessment regarding human trafficking that you did.

2346 Have you read the State IG's report?

2347 Mr. OWENS. Yes, I looked at it.

2348 Mr. DAVIS OF VIRGINIA. What is your reaction to it?

2349 Mr. OWENS. As far as the trafficking?

2350 Mr. DAVIS OF VIRGINIA. Yes, also in terms of people  
2351 living in the trailers and being cramped and everything else.

2352 Mr. OWENS. Okay. As far as the trafficking, I only can  
2353 tell you that I just told you what I saw on that particular  
2354 flight.

2355 As far as the work, the conditions of the people  
2356 working, I can only tell you what I saw while I was there.  
2357 He came later. I don't know. I wasn't.

2358 Mr. DAVIS OF VIRGINIA. So it might have been cleared up,  
2359 okay.

2360 Now if I understand correctly, you are currently  
2361 residing in Cambodia.

2362 Mr. OWENS. That is correct.

2363 Mr. DAVIS OF VIRGINIA. And that you were there at the  
2364 start of the week.

2365 Mr. OWENS. Yes, sir.

2366 Mr. DAVIS OF VIRGINIA. Who paid for your travel here  
2367 today? The taxpayers?

2368 Mr. OWENS. Yes.

2369 Mr. DAVIS OF VIRGINIA. Have you had any problems  
2370 relating to your security clearance with the U.S. Government?

2371 Mr. OWENS. Not to my knowledge.

2372 Mr. DAVIS OF VIRGINIA. Was your security clearance valid  
2373 when you signed a contract to work at First Kuwaiti?

2374 Mr. OWENS. As far as I know, yes.

2375 Mr. DAVIS OF VIRGINIA. Who was sponsoring your  
2376 clearance?

2377 Mr. OWENS. Hardline Installation.

2378 Mr. DAVIS OF VIRGINIA. When you signed a contract with  
2379 First Kuwaiti, were you also under contract to work for  
2380 another company?

2381 Mr. OWENS. When I finished the embassy in Cambodia, I  
2382 signed a contingent offer to go to Nicaragua and work on the  
2383 embassy there. That job got construction delays. So I  
2384 e-mailed Nicaragua and told them I can't wait until you are

2385 | ready for me, and then I went to Iraq.

2386 |       Mr. DAVIS OF VIRGINIA. Did First Kuwaiti ever complain  
2387 | to you about your job performance such as drinking on the job  
2388 | or being late for work?

2389 |       Mr. OWENS. No.

2390 |       Mr. DAVIS OF VIRGINIA. You never had any complaints? Did  
2391 | you know that you were being destined for Iraq on that plane?

2392 |       Mr. OWENS. Yes, I did.

2393 |       Mr. DAVIS OF VIRGINIA. Okay.

2394 |       Do you know whether those other employees signed  
2395 | documents indicating that Iraq was their destination or not?  
2396 | Do you have any knowledge of that?

2397 |       Mr. OWENS. I just saw their boarding passes were for  
2398 | Dubai.

2399 |       Mr. DAVIS OF VIRGINIA. Let me just say I see my time is  
2400 | up.

2401 |       I just want to note one thing on Mr. Mayberry, that he  
2402 | is a previous whistleblower on another case against KBR who  
2403 | testified here earlier today. So he is an experienced  
2404 | whistleblower, and I know that he will look forward to our  
2405 | questions.

2406 |       Thank you.

2407 |       Mr. TIERNEY. That would be to drive home the point that  
2408 | he doesn't want to tolerate bad things that are happening, I  
2409 | guess.

2410 Ms. Watson, you are recognized for five minutes.

2411 Mr. DAVIS OF VIRGINIA. No, just that he is experienced,  
2412 and the record speaks for itself. That is what it is about.

2413 Mr. TIERNEY. Ms. Watson is recognized for five minutes.

2414 Mr. ISSA. Mr. Chairman, could we have regular order,  
2415 please?

2416 Ms. WATSON. If I may, please, I believe this is my time.

2417 Thank you.

2418 I want to thank these two gentlemen for coming here.

2419 There is no intent on our part to abuse you or to give you

2420 leading statements. I would hope that you would be

2421 straightforward when we raise these questions and not feel

2422 intimidated. That is not our intent.

2423 The way I do it, I try to get to the truth. If

2424 something that I ask you is misleading or you don't

2425 understand it, ask me to clarify it. I don't intend to have

2426 you make statements that you wouldn't make under other

2427 circumstances. I just want to set the ground rules.

2428 I am going to direct this to Mr. Mayberry. I have been

2429 reading through some background information, and it seems

2430 like the safety conditions and standards where you were

2431 working within the Green Zone were not what we would require

2432 on other jobs. True or not true?

2433 Mr. MAYBERRY. True.

2434 Ms. WATSON. Was there an incident of a gentleman that

2435 | was just described up on a high bar without safety equipment,  
2436 | he fell and broke his back?

2437 |         Mr. MAYBERRY. No, ma'am, he didn't. This gentleman  
2438 | didn't break his back.

2439 |         When I had seen him up on the scaffolding, he had no  
2440 | harnesses on at all, and I had noticed that he was kind of  
2441 | dancing around and having fun, and that is when I had started  
2442 | yelling and screaming to get him off of the site and off of  
2443 | the scaffolding because he had no harness. It is not a place  
2444 | to play.

2445 |         It took about 10 minutes. Once they got him on ground  
2446 | is when I found out he was intoxicated. The intoxication  
2447 | that he had, he had a pocket of some sort of painkiller that  
2448 | he got from the clinic, and that is what he was taking. I  
2449 | couldn't find a translator to get the full story of why he  
2450 | was taking it or what the pain was being treated for.

2451 |         I talked to First Kuwaiti management in regards to this  
2452 | gentleman, and they said, put him back on the site and tell  
2453 | his foreman to work him somewhere else.

2454 |         Ms. WATSON. Now let me just ask you, the project was  
2455 | being managed by First Kuwaiti?

2456 |         Mr. MAYBERRY. Yes, ma'am.

2457 |         Ms. WATSON. Mary Francis was the overseer?

2458 |         Mr. MAYBERRY. It was my understanding that Mary French  
2459 | was the embassy project manager over the whole facility.

2460 Ms. WATSON. I see.

2461 Who was she employed by? The United States Embassy?

2462 Mr. MAYBERRY. The State Department.

2463 Ms. WATSON. So she was to oversee. The employer was

2464 First Kuwaiti?

2465 Mr. MAYBERRY. Yes, ma'am.

2466 Ms. WATSON. All right. Who was directly responsible for  
2467 the health and the safety of the employees on the project?

2468 Mr. MAYBERRY. First Kuwaiti.

2469 Ms. WATSON. I see.

2470 First Kuwaiti has personnel there on the project?

2471 Mr. MAYBERRY. Yes, ma'am.

2472 Ms. WATSON. That would be Mary French.

2473 Mr. MAYBERRY. I don't know the relationship with Mary  
2474 French and First Kuwaiti. All I know is I was introduced to  
2475 Mary French of the State Department. She wanted me to work  
2476 for her. Once I got on to meet with the First Kuwaiti  
2477 people, they informed me I was to work for him.

2478 So I, in turn, sent e-mail stateside to find out exactly  
2479 what the contract was stated as and which company I was  
2480 actually working for.

2481 Ms. WATSON. Who would you say was responsible for the  
2482 health and the safety of those employees?

2483 Mr. MAYBERRY. That would be First Kuwaiti.

2484 Ms. WATSON. I see. Now were their employees Kuwaitis?

2485 Mr. OWENS. No, ma'am.

2486 Ms. WATSON. Who were their supervisors, their overseers?

2487 Mr. OWENS. The management staff of First Kuwaiti. All  
2488 of the ones that I worked with were Lebanese.

2489 Ms. WATSON. I see.

2490 Mr. Owens, Mr. Mayberry, is it true that the workers on  
2491 the project were denied access to the PX or the BX?

2492 Mr. OWENS. That is correct.

2493 Ms. WATSON. I see. Is it true that they could not go in  
2494 there and get medications for whatever was ailing them?  
2495 Whichever one.

2496 Mr. OWENS. That is correct.

2497 Ms. WATSON. Was this issue ever taken to Mary French?

2498 Mr. OWENS. Yes.

2499 Ms. WATSON. What did Mary French do about it when there  
2500 were injuries, scratches, cuts and so on? What did she do  
2501 about that, not allowing them to go into the PX?

2502 Mr. OWENS. She didn't do anything.

2503 Mr. TIERNEY. Thank you, Ms. Watson. Your time is  
2504 expired.

2505 Ms. WATSON. Thank you.

2506 Mr. Issa, you are recognized for five minutes.

2507 Mr. ISSA. Mr. Mayberry, apparently, this isn't the first  
2508 time you have been in front of us. On June 13th of 2005, you  
2509 were in front of the Senate's all-Democrat Policy Committee,

2510 | is that true?

2511 |       Mr. MAYBERRY. Yes, sir.

2512 |       Mr. ISSA. At that time, oddly enough, you were, I would  
2513 | say vilifying, but I will use the term, speaking about  
2514 | failures of KBR, a division of Halliburton, is that right?

2515 |       Mr. MAYBERRY. Correct.

2516 |       Mr. ISSA. In this previous employment, when you were  
2517 | hired by a division of Halliburton, KBR who testified  
2518 | immediately before you as skilled contractors which they are,  
2519 | you went on for a very long time talking about many of the  
2520 | same things that are going on here today, isn't that true?

2521 |       Mr. MAYBERRY. No, it is not.

2522 |       Mr. ISSA. So when you talked about they were supposed to  
2523 | feed Turkish and Filipino meals but they didn't, they were  
2524 | supposed to pay something but they didn't, isn't that  
2525 | somewhat similar to what we are talking about today?

2526 |       Mr. MAYBERRY. No, sir, not at all.

2527 |       Mr. ISSA. When you were talking about KBR in 2004, you  
2528 | were talking about a really good company that was doing their  
2529 | job and respecting the taxpayers' money, right?

2530 |       Mr. MAYBERRY. Sir, I did not hear the beginning of that  
2531 | through the noise.

2532 |       Mr. ISSA. What I am understanding is you are a  
2533 | professional whistleblower. This is not the first time that  
2534 | you have taken a job for a relatively short period of time

2535 | and then come talked to Congress about what you have seen.

2536 |       If this is such a bad place and there are so many  
2537 | abuses, is there a particular reason you keep coming back to  
2538 | these employers?

2539 |       Mr. MAYBERRY. Well, first let me address your--

2540 |       Mr. ISSA. No, no. Answer my question. My time is very  
2541 | limited here.

2542 |       Mr. MAYBERRY. No, sir.

2543 |       Mr. TIERNEY. Mr. Issa, if you can't ask the witness a  
2544 | question, then kindly give him the courtesy of letting him  
2545 | answer.

2546 |       Mr. ISSA. Mr. Chairman, this is my time in regular  
2547 | order.

2548 |       Mr. TIERNEY. Try to use questions and answers then,  
2549 | please.

2550 |       Mr. ISSA. Mr. Chairman, if he would answer my question.

2551 |       I asked if this was the first time. You said it wasn't.

2552 |       I asked if you are a professional whistleblower. You  
2553 | started answering another question.

2554 |       Because you weren't responsive, I asked why do you keep  
2555 | taking jobs in Iraq if in fact all you seem to observe is a  
2556 | very dangerous place.

2557 |       Would you answer just that question, why you keep taking  
2558 | jobs in Iraq if it is such a bad place in which contractors  
2559 | do terrible things? Is that for the purpose of

2560 | whistleblowing or is that for the purpose of receiving a  
2561 | payroll and doing a good job, which is it?

2562 |         Mr. MAYBERRY. It is in regards to supporting the United  
2563 | States and my armed forces is why I take contracts into Iraq.

2564 |         Mr. ISSA. Okay. Thank you very much. I appreciate the  
2565 | answer that you go back to Iraq out of patriotism to work for  
2566 | contractors.

2567 |         How much were you paid when you worked for KBR? What  
2568 | was your annual salary?

2569 |         Mr. MAYBERRY. I am legally prevented from answering that  
2570 | question.

2571 |         Mr. ISSA. Mr. Chairman, could you instruct that telling  
2572 | what your salary was there is not a legal restriction as far  
2573 | as I know?

2574 |         Mr. TIERNEY. The witness will make that determination.

2575 |         Mr. ISSA. Okay. The witness is refusing to answer.

2576 |         Mr. TIERNEY. I think we recorded the witness--

2577 |         Mr. ISSA. Mr. Chairman, this is my time. Thank you.

2578 |         Mr. Owens, I am a little concerned. I am going to ask  
2579 | you a question that I think you were asked, but I am going to  
2580 | give you one more chance to answer.

2581 |         Yesterday, did you tell the staff, bipartisan staff,  
2582 | when they asked the question of were you in fact in  
2583 | litigation, you said no. Is that true, yesterday?

2584 |         I am not asking about today or whether it is true, but

2585 | did you say that yesterday?

2586 |       Mr. OWENS. Here, under oath, I am legally prevented from  
2587 | answering that question.

2588 |       Mr. ISSA. So, Mr. Owens, are you saying that you are  
2589 | legally prevented from answering the question about what you  
2590 | said yesterday to congressional staff?

2591 |       Mr. OWENS. Here, under oath, I am legally prevented from  
2592 | answering that question.

2593 |       Mr. ISSA. Mr. Owens, are you taking your rights under  
2594 | the Fifth Amendment? Are you asserting your rights to  
2595 | protect yourself from incrimination here today?

2596 |       Mr. OWENS. As far as the Fifth Amendment, no.

2597 |       Mr. ISSA. You are not? You are not.

2598 |       So you are not refusing to answer to protect yourself  
2599 | from any false statement you may have made yesterday?

2600 |       Mr. OWENS. I have made no false statements under oath.

2601 |       Mr. ISSA. Mr. Chairman, I would like to ask that the  
2602 | witness be subpoenaed to be compelled to answer the question  
2603 | as to what he said to our staff yesterday relative to what he  
2604 | is refusing to answer today. I think that is a reasonable  
2605 | request, and I would ask the Chair to entertain that.

2606 |       Chairman WAXMAN. [Presiding.] As I understand it, the  
2607 | witness is under an order because of a sealed court case not  
2608 | to talk about the litigation, is that the understanding?

2609 |       Mr. OWENS. I am legally prevented from answering that

2610 | question.

2611 |       Mr. ISSA. Mr. Chairman, my request for the subpoena is  
2612 | as to what he said to our staff on a bipartisan basis  
2613 | yesterday, not what he is prevented from saying but what he  
2614 | may have said yesterday because otherwise I think we have to  
2615 | bring our staff in front of us to determine whether or not  
2616 | there is a truthful answer or not. That is all I am asking  
2617 | for.

2618 |       We do have an obligation to find out whether the  
2619 | witnesses' other testimony is likely to be truthful based on  
2620 | whether they said truthful things to our own staff on a  
2621 | bipartisan basis.

2622 |       Chairman WAXMAN. Well, I will take it under submission.  
2623 | I am not prepared to accept your recommendation.

2624 |       Mr. ISSA. I appreciate that. If I could just reclaim  
2625 | the time I would have had, I will be very brief.

2626 |       Mr. Owens, you and Mr. Mayberry both said that you only  
2627 | had your testimony here today, to the Ranking Member, you  
2628 | said that it was only for spell check, is that correct?

2629 |       Mr. OWENS. Yes. I wrote it out, and they checked it for  
2630 | me.

2631 |       Mr. ISSA. When GAO reports to us that they worked with  
2632 | the witnesses, it implies to me that you had conversations or  
2633 | correspondence or discussed what was going to be in your  
2634 | statement in preparation for making it. Is that true?

2635           In other words, you had conversations about what would  
2636 be in your statement or some other communication before you  
2637 wrote it, before they spell-checked it. Is that the correct  
2638 order?

2639           Mr. OWENS. I answered questions that they asked me.

2640           Mr. ISSA. But we are talking about your opening  
2641 statement for both of you. Did you write your opening  
2642 statement without ever talking to GAO or did you operate in  
2643 an environment in which you had discussions with Government  
2644 officials, wrote your statements and then they spell-checked  
2645 them?

2646           Mr. MAYBERRY. Could I address this?

2647           Mr. ISSA. Yes, Mr. Mayberry.

2648           Mr. MAYBERRY. Thank you.

2649           We were instructed that we needed statements wrote. We  
2650 wrote those statements once we left the meetings yesterday.  
2651 We started on those statements.

2652           Mine was completed and forwarded to an e-mail address  
2653 that I was provided which was Andrew Wright and David Turk.  
2654 They both had my statement prior to being contacted again by  
2655 the gentleman, David Turk, that he had somebody that could be  
2656 a third party and look at my statement and spell check it and  
2657 punctuate the statement.

2658           Mr. ISSA. I appreciate that.

2659           Thank you, Mr. Chairman. I believe that it has been

2660 clear that there was a meeting, then a statement, then a  
2661 spell check.

2662 I yield back.

2663 Chairman WAXMAN. The gentleman's time has expired.

2664 The Chair now recognizes Ms. McCollum.

2665 Ms. MCCOLLUM. Thank you, Mr. Chair.

2666 Mr. Owens, where were you born?

2667 Mr. OWENS. Long Island, New York.

2668 Ms. MCCOLLUM. You were a product of the school system  
2669 there. You are a proud American. I am assuming that you,  
2670 like Mr. Mayberry, as a United States citizen, went forward  
2671 to do this job and work on other embassies. Why? It is  
2672 dangerous work, and it is work that takes you away from those  
2673 you love.

2674 Mr. OWENS. I like working on U.S. embassies. It is  
2675 interesting the way they are built, and I enjoy construction  
2676 work.

2677 Ms. MCCOLLUM. I appreciate your doing that.

2678 Mr. Mayberry, you said that you felt that this was a way  
2679 in which as a United States citizen--I am paraphrasing so  
2680 please correct me if I am wrong--that you were giving back to  
2681 our Country by doing the job that you were doing.

2682 Mr. MAYBERRY. Yes, ma'am.

2683 Ms. MCCOLLUM. As American citizens, as people who are  
2684 proud of this Country and knowing that this is a U.S. Embassy

2685 facility that is being built, it appears to me, Mr. Owens,  
2686 that you were quite alarmed when you found out that there  
2687 were individuals on the plane, coming to work on a U.S.  
2688 embassy, something that you were very proud of doing, that  
2689 had no idea what their destination was going to be. In fact,  
2690 they thought it was a very different destination.

2691 How did that make you feel as an American?

2692 Mr. OWENS. On that plane ride, hardly nobody spoke any  
2693 English. I don't know what those guys were thinking. Like I  
2694 said, they had boarding passes for Dubai. I don't even know  
2695 if they could have read those boarding passes.

2696 I don't know, but all I can say is they looked very  
2697 confused the whole time I saw them, and it bothered me a  
2698 little bit. It just kind of made me feel bad because I think  
2699 some of those guys were really scared once they found out  
2700 where they were.

2701 Ms. MCCOLLUM. Mr. Owens, did you see any of them after  
2702 you were on the ground on the site, the individuals you were  
2703 on the plane with?

2704 Mr. OWENS. Yes. I made friends. There were two boys  
2705 from Sierra Leone on the plane, and I had worked in West  
2706 Africa before. So we had a lot in common to talk about, and  
2707 I made friends with them, and I saw them on-site after.

2708 Ms. MCCOLLUM. Did they know that they were coming to  
2709 Baghdad?

2710 Mr. OWENS. The two Sierra Leoneans didn't know they were  
2711 going to Baghdad, but they had boarding passes for Dubai.

2712 Ms. MCCOLLUM. But they had boarding passes for Dubai.

2713 Mr. OWENS. That is correct.

2714 Ms. MCCOLLUM. In your encounters with any of the other  
2715 individuals that were there, even though there were great  
2716 language barriers, were any expressing confusion that they  
2717 were there in the wrong place and that they needed to be some  
2718 other place?

2719 Mr. OWENS. I had heard that from a lot of people over  
2720 there. Whether it was the exact people on the plane, I don't  
2721 know.

2722 It is not a nice thing to say when I say that they kind  
2723 of look alike, but they all dressed alike and their facial  
2724 features. It would have been hard for me to remember one  
2725 from the plane ride and see him in a crowd of 200 people and  
2726 know that it was him.

2727 Ms. MCCOLLUM. Mr. Owens, I really appreciate your  
2728 honesty in answering my questions.

2729 Mr. Mayberry, what was your impression as an American,  
2730 as a citizen, for not only the way that you saw the workers  
2731 being treated but for stories that you heard or things that  
2732 you can tell us that you witnessed about individuals feeling  
2733 that they were all of a sudden in the wrong place at the  
2734 wrong time?

2735 Mr. MAYBERRY. I had seen the reaction on the airplane  
2736 when the captain came on board the PA system and stated that  
2737 the plane was headed to Baghdad. I witnessed the reaction in  
2738 that airplane.

2739 At that point, I was in fear for my own safety. Number  
2740 one, I was the only American on that whole airplane. The  
2741 captain and the crew were not American, and the men on that  
2742 airplane with me were not American.

2743 Once the men started getting upset and a weapon was  
2744 pulled out of that back closet in the tail of the airplane by  
2745 First Kuwaiti's manager, that is when I got a little more  
2746 jumpy and kind of stayed to myself.

2747 The fear in the faces that I seen was remarkable. I  
2748 never want to see it again.

2749 Ms. MCCOLLUM. Thank you, Mr. Mayberry. I want to thank  
2750 you both as American citizens, people who are proud of the  
2751 work that you do for your Country and when you see something  
2752 that you think is wrong, feel that in this Country with  
2753 freedom of speech and freedom to speak your mind openly to  
2754 your own Government, that you felt like you were able to do  
2755 that today.

2756 I want to once again thank you very much for coming  
2757 forward.

2758 Mr. OWENS. Thank you.

2759 Chairman WAXMAN. Thank you, Ms. McCollum.

2760           The Chair wants to recognize himself for his five  
2761 minutes and yield to Mr. Tierney to ask some questions.

2762           Mr. TIERNEY. Thank you, Mr. Chairman.

2763           Mr. Chairman, I would just like to start by bringing you  
2764 up. I know you had to go to another hearing on a very  
2765 important matter.

2766           In your absence, because you came back in the middle of  
2767 Mr. Issa's question, there was some discussion or inference  
2768 from Mr. Issa about one of the witnesses' failures to comment  
2769 on whether or not there was a particular lawsuit or whether  
2770 he said there was a lawsuit.

2771           If, in fact, there is what is commonly known as qui tam  
2772 lawsuit pending, if there is such a thing, it would be a  
2773 sealed lawsuit as I mentioned before and Mr. Issa well knew.  
2774 I think in that case of a sealed document, any party to that  
2775 case would not be allowed to talk about it in public.

2776           I suggest that perhaps that we consult with the  
2777 Department of Justice just to make sure that is firm and then  
2778 let all the members of the panel know that so there won't be  
2779 any disagreement on that, if that is acceptable to the  
2780 Chairman.

2781           Mr. Mayberry, let me ask you when you were first hired.

2782           Chairman WAXMAN. Will the gentleman yield?

2783           Mr. TIERNEY. Sure, I yield

2784           Chairman WAXMAN. Are you saying, in effect, that Mr.

2785 | Issa was aware of the fact that they couldn't talk about this  
2786 | issue and then he was trying to impeach them, knowing they  
2787 | couldn't talk about that issue?

2788 |         Mr. TIERNEY. Well, I believe he was in the room when I  
2789 | clarified that the first time. I would have to check with  
2790 | people on that. Assuming he was, then he would have known at  
2791 | least my comments. Whether he agreed with it or accepted  
2792 | them or not is another thing.

2793 |         Chairman WAXMAN. The gentleman will proceed.

2794 |         Mr. TIERNEY. Thank you.

2795 |         Mr. Mayberry, you were hired by First Kuwaiti as a  
2796 | medic. Will you tell us what you know or let us know a bit  
2797 | about the medical facilities that were available to workers  
2798 | when you arrived at the embassy site?

2799 |         Mr. MAYBERRY. When I arrived at the embassy site, the  
2800 | medical clinics, they looked more like a break area. They  
2801 | were filthy inside. There were beds in there and gentlemen  
2802 | laying on them and sleeping on them.

2803 |         On the reception counter, coming into the clinic, were  
2804 | all these little blister packs with different colors of  
2805 | medication in them, and I asked what they were. One of the  
2806 | Indian medics that spoke a little bit of English stated that  
2807 | it was the medication that they use.

2808 |         I went over to the second medical facility which was on  
2809 | the construction site and found the same there.

2810           So at that time, I had a meeting that afternoon with  
2811 Mary French of the State Department. She had asked me what  
2812 my first look around the camp was, and that is when I had  
2813 started talking to her about the lack of supplies, band-aids.  
2814 The day I got on camp, they were using paper towels and  
2815 toilet paper and duct tape as bandages.

2816           So I talked to her about the supplies, and she had  
2817 stated that it was First Kuwaiti's responsibility. I went to  
2818 First Kuwaiti and asked for supplies, and they said they  
2819 don't have any.

2820           I, in turn, turned to the military for assistance, and  
2821 at the time the military provided me with eight jump packs  
2822 which are very close to emergency room quality. Two of them  
2823 were supplied to the State Department, two of them for each  
2824 clinic and one per ambulance, counted for all eight bags.

2825           Now when I got into Kuwait, the medical equipment and  
2826 supplies would have been a whole different story if I had  
2827 gotten my luggage. My luggage was happily camped out in  
2828 Dubai with the airplane that I was supposed to be on.

2829           Mr. TIERNEY. Did you make a report to the Department of  
2830 Defense and the Human Trafficking Office in the State  
2831 Department about the condition of the medical facilities?

2832           Mr. MAYBERRY. Sir, my report was filed with the State  
2833 Department, Mary French. It was filed with First Kuwaiti  
2834 management. It was also filed through the medical facility

2835 | in Baghdad. The medical facility in Baghdad sent it up a  
2836 | chain of several offers to a State Department doctor.

2837 | Mr. TIERNEY. When was it that you were making these  
2838 | observations, what month and what year?

2839 | Mr. MAYBERRY. March, 2006.

2840 | Mr. TIERNEY. Now in September, September 18th, in fact,  
2841 | 2006, a contract modification was added to the First Kuwaiti  
2842 | contract dealing with medical services. It added \$1.375  
2843 | million to the contract. The provision noted that these  
2844 | extra funds were to pay for ``a medical trailer, all medical  
2845 | instruments, doctor, dentist, eight nurses, two ambulance  
2846 | teams, cleaning services for the medical facilities and  
2847 | consumables.``

2848 | I guess we can infer from the existing medical  
2849 | facilities and staff prior to that contract modification,  
2850 | that there may have been a difference.

2851 | Did what I just describe in that contract modification  
2852 | comport with what you saw in March of 2006? Was that the  
2853 | condition of the facilities?

2854 | Eight nurses, two ambulances, a doctor, medical  
2855 | instruments, medical trailer, cleaning services, consumables,  
2856 | were all those things in good condition when you were there  
2857 | in March of 2006?

2858 | Mr. MAYBERRY. To be honest with you, sir, the only thing  
2859 | that was in good condition at those clinics was the Indian

2860 nurses.

2861 Mr. TIERNEY. Thank you. I yield back.

2862 Chairman WAXMAN. The gentleman's time is expired.

2863 Ms. Watson.

2864 Ms. WATSON. I don't understand the use of the term,  
2865 professional whistleblower, and to accuse our witnesses of  
2866 being professional whistleblowers is an inference to doing  
2867 this for professional again.

2868 Let me ask Mr. Owens and Mr. Mayberry. Was your  
2869 motivation professional monetary gain when you reported what  
2870 you saw were misdeeds, what you saw were violations of codes,  
2871 what you saw was maltreatment, Mr. Owens?

2872 Mr. OWENS. I have never done anything like this before,  
2873 you know, testify against anybody for anything.

2874 Mr. TIERNEY. [Presiding.] Ms. Watson, I am going to  
2875 take the liberty of interrupting you only because we are not  
2876 doing multiple rounds.

2877 Ms. WATSON. Why was I called on?

2878 Mr. TIERNEY. It is not your fault. With Mr. Waxman  
2879 coming back and forth, we prefer that you would not.

2880 Ms. WATSON. Well, can they answer my question, please?

2881 Thank you.

2882 Mr. TIERNEY. I think he just did.

2883 Ms. WATSON. Well, Mr. Mayberry.

2884 Mr. TIERNEY. I am sorry. You were distracted. He said

2885 | he has never done anything like that before.

2886 |       So thank you.

2887 |       I want to thank both of our witnesses for being here and  
2888 | testifying today. I know it was not an easy thing to do. I  
2889 | appreciate the distances that you have traveled and the  
2890 | sacrifices that you have made.

2891 |       We will take about a minute break here in recess, and we  
2892 | will the next panel come on directly afterwards. Thank you.

2893 |       Mr. OWENS. Thank you, sir.

2894 |       Mr. ISSA. Mr. Chairman, I just want to be recognized to  
2895 | ask that our staff be provided with the original documents in  
2896 | addition to the printed statements so that we can compare the  
2897 | original documents submitted to the Democrats with those that  
2898 | were in fact the final copies. That would be normally within  
2899 | our rules. Could I ask that those be granted as soon as they  
2900 | are available?

2901 |       Mr. TIERNEY. We will certainly take a look at that  
2902 | request.

2903 |       Mr. ISSA. Thank you very much, Mr. Chairman.

2904 |       [Recess.]

2905 |       Mr. TIERNEY. The Committee and Subcommittee will now  
2906 | hear testimony from our final panel.

2907 |       I want to thank you all for your patience in waiting.

2908 |       Mr. Kennedy, I keep seeing you with different hats on.

2909 |       Mr. KENNEDY. It is always a pleasure to see you, Mr.

2910 Chairman.

2911 Mr. TIERNEY. I take it you have moved?

2912 Mr. KENNEDY. Yes, sir. I departed the Director of  
2913 National Intelligence. I am now Director of Management  
2914 Policy at the State Department.

2915 Mr. TIERNEY. I just thought there were like 8,000  
2916 Patrick Kennedys out there. I wasn't sure.

2917 I want to introduce our next panel of witnesses here to  
2918 offer information about First Kuwaiti's labor practices.

2919 They are: Major General, Retired, Charles E. Williams,  
2920 who is the Director, Office of Overseas Building Operations,  
2921 United States State Department; Ambassador Patrick Kennedy,  
2922 Director, Office of Management Policy, U.S. State Department;  
2923 Mr. William Moser, Deputy Assistant Secretary for  
2924 Acquisitions, United States Department of State; and Mr.  
2925 Howard J. Krongard, Inspector General, United States  
2926 Department of State.

2927 I want to thank you all for your service to our Country.

2928 I want to also indicate that your full witness  
2929 statements will be entered onto the record and the transcript  
2930 of this briefing. We ask that you try to summarize that as  
2931 best you can within the five minutes. We will try to be a  
2932 little lenient but appreciate that you will try to stay as  
2933 close within that limit as you can.

2934 It is the policy of the Committee and the Subcommittee

2935 | to swear witnesses before they testify.

2936 | [Witnesses sworn.]

2937 | Mr. TIERNEY. The record will please indicate that the  
2938 | witnesses have answered in the affirmative.

2939 | Again, I am going to ask that you please keep your  
2940 | opening statement as close as you can to the five minutes on  
2941 | that.

2942 | General Williams, perhaps you would care to start us.

2943 | Mr. Moser, I think we put the name plates out different,  
2944 | But General Williams, if you want to start, then we will go  
2945 | from there.

2946 | STATEMENTS OF MAJOR GENERAL, RETIRED, CHARLES E. WILLIAMS,  
2947 | DIRECTOR, OFFICE OF OVERSEAS BUILDING OPERATIONS, U.S.  
2948 | DEPARTMENT OF STATE; WILLIAM MOSER, DEPUTY ASSISTANT  
2949 | SECRETARY FOR ACQUISITIONS, U.S. DEPARTMENT OF STATE; THE  
2950 | HONORABLE PATRICK KENNEDY, DIRECTOR, OFFICE OF MANAGEMENT  
2951 | POLICY, U.S. DEPARTMENT OF STATE; AND MR. HOWARD J. KRONGARD,  
2952 | INSPECTOR GENERAL, U.S. DEPARTMENT OF STATE

2953 | STATEMENT OF MAJOR GENERAL, RETIRED, CHARLES E. WILLIAMS

2954 |         General WILLIAMS. Mr. Chairman, thank you and Committee  
2955 | Members. I am honored to be here to discuss the State  
2956 | Department's diplomatic construction project in Baghdad.

2957 |         I have a prepared written testimony, and I have asked  
2958 | the Committee and it has agreed that it be entered into the  
2959 | record.

2960 |         I would like to begin today by putting the Baghdad  
2961 | project into the context of our larger Overseas Building  
2962 | Operations program. It has been my privilege to come out of  
2963 | retirement and serve as the OBO, Director of the Overseas  
2964 | Building Operations for the past six and a half years.

2965 |         Before coming to OBO, I worked in the private sector and  
2966 | served 29 years in the U.S. Army and the Army Corps of  
2967 | Engineers. My career spans in the construction field over 40

2968 | years.

2969 |       In 2001, when I became the Director of OBO, the  
2970 | Department was building on an average of one embassy per  
2971 | year. In 2006, OBO opened 14 new facilities. Our goal this  
2972 | year is to open 16.

2973 |       Our new embassy compounds are multi buildings, state of  
2974 | the art facilities, meeting the highest security standards  
2975 | for environmental energy and efficiency.

2976 |       My written testimony states that since 2001, with strong  
2977 | support from the Congress, OBO has completed 47 facilities.  
2978 | We have moved 12,566 U.S. Government employees out of harm's  
2979 | way by providing safe, secure and functional facilities, many  
2980 | located in the most dangerous parts of the world.

2981 |       In fact, since my written statement was submitted,  
2982 | updated numbers show that we have as of today completed 50 of  
2983 | these new facilities. We have had three more reach  
2984 | completion since we started this process.

2985 |       We currently have 31 additional facilities under  
2986 | management. OBO's construction portfolio today is valued at  
2987 | over \$5 billion.

2988 |       OBO has revolutionized its management approach with an  
2989 | emphasis on discipline, accountability, results, transparency  
2990 | and credibility. In order to replace the 190 aging and  
2991 | unsecured embassy facilities, OBO reorganized and streamlined  
2992 | the planning, design and construction processes.

2993           We engage often with the construction industry through  
2994 our award-winning industry advisor panel and our contractor  
2995 partners. We have a true alliance with the GAO and, in 2006,  
2996 GAO found that OBO had reduced the time to construct new  
2997 facilities by 2 years and 9 months from the 1980s and 1990s.

2998           We have also achieved a high degree of worker safety.  
2999 In fiscal year 2006, the OBO accident rate was only 6 percent  
3000 of the OSHA rate.

3001           Mr. Chairman, now I turn to the new embassy in Iraq  
3002 which is among the most challenging projects that we have  
3003 undertaken.

3004           In 2005, Congress appropriated \$592 million for this  
3005 project. We plan to finish the project in 24 months, a time  
3006 frame consistent with the commitments we made to the host  
3007 government. OBO established an office with the sole  
3008 responsibility for executing the Baghdad project and briefed  
3009 the concept to the Congress.

3010           The compound contains 24 buildings and occupies 65 acres  
3011 of the 104 acre site. The Baghdad NEC, new embassy  
3012 compound--that is NEC--is not luxurious. Its offices and  
3013 housing are equivalent to other new construction around the  
3014 world.

3015           The project is on schedule. It is at budget with  
3016 completion slated for this September.

3017           As to quality, OBO is proud of its employees' and

3018 contractors' work on this project. We have received numerous  
3019 accolades from our tenants as to the extremely high quality  
3020 of construction. It is among the best that OBO has managed.

3021 The Baghdad NEC, as with all of our new embassy  
3022 compounds, will undergo a standard accreditation process to  
3023 ensure that the facility meets all applicable safety and  
3024 security standards prior to occupancy.

3025 A punch list will most likely be generated consisting of  
3026 items needing small corrections and modifications. A punch  
3027 list is a routine feature of every building project whether  
3028 you are dealing with a small remodeling project to your home  
3029 or constructing a major building. For each new embassy  
3030 compound project, OBO aligns with the contractor to address  
3031 these punch list items in an orderly manner.

3032 Mr. Chairman, I would like to turn next to the temporary  
3033 local guard camp. The camp consists of--

3034 Mr. TIERNEY. Major General, since your comments are  
3035 already on the record, I would add that you go proceed but  
3036 try to wrap it up as best you can in the summary.

3037 General WILLIAMS. I will do that.

3038 Mr. TIERNEY. Thank you, sir.

3039 General WILLIAMS. Okay. The camp consists of  
3040 prefabricated trailers where the local employees who supply  
3041 guard service will reside.

3042 The issue of installing a temporary camp on some of the

3043 remaining 104 acres came up about 12 months after we were  
3044 under construction for the new embassy compound. We had a  
3045 very ambitious period of four months to do this.

3046 We encountered 70 days of road closures. Obviously,  
3047 trailers having to be brought one on a truck at a time, we  
3048 had two months delay. So this is what has caused the project  
3049 not to be delivered when it was promised.

3050 Let me conclude with the emphasis that the  
3051 responsibility of OBO is to build facilities that are  
3052 required to our diplomatic standards and requirements  
3053 overseas. We follow the direction of the Department on  
3054 staffing numbers and requirements and build accordingly.

3055 I want to re-emphasize that the Baghdad new embassy  
3056 compound will meet standards, will be completed on schedule  
3057 and within budget.

3058 I would be pleased now to respond to your questions.

3059 Thank you very much, Mr. Chair

3060 [Prepared statement of General Williams follows:]

3061 \*\*\*\*\* INSERT \*\*\*\*\*

3062 | Mr. TIERNEY. Thank you, General.

3063 | Ambassador Kennedy, would you care to give your remarks?

3064 DBO

3065 STATEMENT OF THE HONORABLE PATRICK KENNEDY

3066 Mr. KENNEDY. Thank you very much, Mr. Chairman, members  
3067 of the Committee. Thank you for giving me the opportunity to  
3068 testify before you today.

3069 I first want to offer you a brief perspective of someone  
3070 who has served in Baghdad, and I also want to emphasize the  
3071 importance of the new embassy compound for the safety of our  
3072 employees there.

3073 I recently became Director of the Office of Management  
3074 Policy in the State Department. As one of my key duties, I  
3075 have been charged by the Secretary, the Deputy Secretary and  
3076 the Under Secretary for Management with ensuring that  
3077 Ambassador Ryan Crocker has everything he needs within reason  
3078 in terms of support of management.

3079 Now let me turn briefly to the subject of this hearing.

3080 I want to underline the distinction made by General  
3081 Williams between the guard camp project in Baghdad and the  
3082 new embassy project. They are completely separate, both  
3083 physically and contractually. The camp is temporary and  
3084 largely a trailer park while the NEC is a group of permanent  
3085 structures.

3086 I have been recently in Baghdad and also communicate

3087 regularly with Ambassador Crocker. I have been meeting  
3088 regularly also with Chuck Williams. There is a quality  
3089 assurance process in place, and there will be a vigorous  
3090 inspection procedure prior to our acceptance of the NEC as  
3091 there is for all our new embassy compounds.

3092 On the guard camp, I view the exchange of cables between  
3093 the embassy and OBO as part of the creative tension that  
3094 exists in getting any project right. There have been  
3095 problems, but they are problems that First Kuwaiti is fixing  
3096 as part of their acceptance of the guard camp, our acceptance  
3097 of the guard camp. This is a standard punch list procedure  
3098 that occurs on any construction project.

3099 Mr. Chairman, that concludes my statement. I am at your  
3100 disposal for questions.

3101 [Prepared statement of Mr. Kennedy follows:]

3102 \*\*\*\*\* INSERT \*\*\*\*\*

3103 | Mr. TIERNEY. Thank you, Ambassador.

3104 | Mr. Moser.

3105 | Mr. MOSER. I do not have a statement, Mr. Chairman.

3106 | [Prepared statement of Mr. Moser follows:]

3107 | \*\*\*\*\* INSERT \*\*\*\*\*

3108

Mr. TIERNEY. Mr. Krongard.

3109 STATEMENT OF HOWARD J. KRONGARD

3110 Mr. KRONGARD. Thank you, Mr. Chairman, Ranking Member  
3111 and thanks to all of you for inviting me to discuss the  
3112 Department of State Office of Inspector General's memorandum  
3113 on its review of the construction workers camp at the new  
3114 embassy compound in Baghdad which I will refer to as the NEC,  
3115 the new embassy compound.

3116 I personally have made two visits to the NEC  
3117 construction site. The first visit was in November, 2005.  
3118 That visit to the NEC was a routine part of my trip to  
3119 Baghdad and was not prompted by any specific allegations of  
3120 wrongdoing.

3121 I walked and rode through most of the site including the  
3122 camp which housed the construction workers, and I spoke  
3123 randomly with members of the workforce which consisted of  
3124 many different nationalities. Nothing came to my attention  
3125 during that visit, evidencing any trafficking in persons  
3126 violations or human rights abuses.

3127 In the months following my visit, various allegations  
3128 came to my attention regarding abuses and misconduct at the  
3129 NEC including ones having to do with food, passports, entry  
3130 into Iraq, pay, physical abuse, living facilities and medical

3131 facilities. Therefore, in June of 2006, I contacted the  
3132 Multi-National Force-Iraq Inspector General who had  
3133 previously done inspections of conditions in camps in Iraq,  
3134 and I proposed that we conduct a joint review of the  
3135 construction workers camp at the NEC.

3136 At that time, we agreed to conduct the review together  
3137 on-site in August, 2006. Because MNF-I IG had experience in  
3138 inspecting life support areas across Iraq and was planning to  
3139 conduct a large number of such inspections, we agreed to use  
3140 the work plan suggested by them. In mid-July, however, MNF-I  
3141 IG was required to postpone the review indefinitely due to  
3142 other higher priority matters.

3143 I, however, believed the allegations warranted an early  
3144 review in spite of this delay. So the Deputy Inspector  
3145 General and I traveled to Iraq in early September and carried  
3146 out a review according to the work plan suggested by MNF-I IG  
3147 for a review focused on trafficking in persons and the fair  
3148 and ethical treatment of a foreign workforce.

3149 It is important to note that the review was conducted in  
3150 a necessarily limited scope. It did not constitute an audit.  
3151 It consisted essentially of agreed upon procedures or limited  
3152 procedures and was designed to provide negative assurance  
3153 rather than attestation.

3154 The review included interviews with senior State  
3155 Department officials and contracting authorities in both the

3156 U.S. and Baghdad, private interviews with workers of at least  
3157 four nationalities, physical review of the entire NEC site  
3158 including kitchen and dining facilities, medical clinic,  
3159 recreational facilities, computer caf , telephone access  
3160 areas, commissary, management offices and other areas.

3161 It included inspection of the private living quarters of  
3162 each interviewee and numerous other workers randomly  
3163 selected, inspection of the various group facilities such as  
3164 shower and lavatory, barbecue, religious, recreation and  
3165 sport areas, and questions asked of workers we randomly  
3166 encountered during the physical inspection.

3167 A summary of the responses received from the workers  
3168 interviewed and the results of the physical inspection are  
3169 set forth in the memorandum which is attached to my statement  
3170 which has been publicly available for several months.

3171 Because my review was limited, I continued to seek  
3172 additional inspection from MNF-1 IG.

3173 While that inspection was being scheduled, the  
3174 management counselor and at least four other senior officials  
3175 from the embassy, including the regional medical officer and  
3176 I believe the assistant regional security officer, visited  
3177 the workers camp, provided observations that are included in  
3178 the memorandum and reported that in general the camp was  
3179 adequate for its purposes and the basic needs of food,  
3180 housing and sanitation were being met.

3181           On two separate occasions in December, 2006, an MNF-I IG  
3182 team also inspected the camp. MNF-I IG's procedures and  
3183 experience were significantly more extensive than my own.  
3184 MNF-I IG found no evidence indicating the presence of severe  
3185 forms of trafficking.

3186           After setting forth their inspections results, MNF-I IG  
3187 concluded that except for recruitment fees illegal in some  
3188 workers' country of origin, there was no evidence of  
3189 trafficking in persons violations and of the 58 areas  
3190 inspected by MNF-I IG across Iraq, the NEC camp was rated in  
3191 the top third with above average quality of life conditions.  
3192 A copy of MNF-I IG's report to me was appended to the  
3193 memorandum as well.

3194           Based on all of the foregoing--including my November,  
3195 2005 visit, our September, 2006 review, management's visit in  
3196 November, 2006 and MNF-I IG's two inspections in December,  
3197 2006--nothing came to our attention that caused us to believe  
3198 that trafficking in persons violations or violations of the  
3199 type I mentioned at the outset here today and in the  
3200 memorandum occurred at the construction workers camp at the  
3201 new embassy compound.

3202           At the appropriate time, I will be pleased to answer  
3203 your questions. Thank you.

3204           [Prepared statement of Mr. Krongard follows:]

3205 | \*\*\*\*\* INSERT \*\*\*\*\*

3206 Mr. TIERNEY. Thank you very much, Mr. Krongard.

3207 Mr. Platts, you are recognized for five minutes for  
3208 questioning.

3209 Mr. PLATTS. Thank you, Mr. Chairman. I appreciate your  
3210 hosting this hearing.

3211 I appreciate all of our witnesses for your testimony,  
3212 and I apologize coming in midway through.

3213 General Williams, you may have addressed this as I came  
3214 in, but just to reiterate if you did or to clarify. The  
3215 current project, as far as being on time and on budget, where  
3216 do we stand on the time and budgeting?

3217 General WILLIAMS. Thank you, Mr. Platts, for that  
3218 question.

3219 We are at 96 percent complete. We are in the  
3220 pre-accreditation phase. We are on schedule to deliver in  
3221 September as planned at the budget.

3222 Mr. PLATTS. What was the last part? At the budget?

3223 General WILLIAMS. At budget which is \$592 million from a  
3224 supplemental appropriation.

3225 Mr. PLATTS. I understand there is a number of contracts  
3226 that relate to this complete project. Any of those are the  
3227 cost type contracts?

3228 General WILLIAMS. We have no cost-plus contracts,  
3229 Congressman, because we have experienced that we have done 50  
3230 of these around the world over these last six years. We

3231 cannot control the costs in these very difficult places,  
3232 particularly in a war zone, unless we use a firm fixed-price.  
3233 This is a firm fixed-price contract.

3234 Mr. PLATTS. That has become the norm now.

3235 General WILLIAMS. That has become the norm, and our  
3236 appropriators who support us here in the Congress concur in  
3237 that and desire that.

3238 Mr. PLATTS. Of the contracts, there is one or more that  
3239 are sole source contracts?

3240 Mr. MOSER. There are actually two contracts that are  
3241 sole source. The chancery compound for the construction of  
3242 the unclassified areas of the chancery were sole source.  
3243 That was done only after a competition produced no viable  
3244 bidders. In other words, it was subsequent to the  
3245 competition.

3246 The guard man camp that we discussed earlier today was  
3247 also sole source, but that was done for the reasons in order  
3248 to get a camp stood up as soon as possible so that guards  
3249 could occupy a suitable facility and provide security to the  
3250 facilities on the ground in Baghdad.

3251 Mr. PLATTS. Part of that basis for doing a sole source  
3252 is if there is an urgent need.

3253 Mr. MOSER. This one was done. The guard camp was done  
3254 on the basis of urgent and compelling reasons.

3255 Mr. PLATTS. Who reviewed and approved those being sole

3256 source.

3257 Mr. MOSER. The actual sole source justification was  
3258 signed by Gregory Starr who is the head of the diplomatic  
3259 security services. I think at that time he was one of the  
3260 deputy assistant secretaries, deputy assistant secretaries in  
3261 diplomatic security. It was reviewed by our attorney, our  
3262 Acquisitions Attorney, Dennis Gallagher, and it was further  
3263 reviewed by the head of the contracting authority who was  
3264 part of my staff and that is Cathy Reed.

3265 Mr. PLATTS. Okay.

3266 Mr. Chairman, I am going to yield the balance of my time  
3267 to Mr. Issa. Thank you.

3268 General WILLIAMS. Thank you.

3269 [Prepared statement of Mr. Platts follows:]

3270 \*\*\*\*\* INSERT \*\*\*\*\*

3271 Mr. ISSA. I thank the gentleman.

3272 General Williams, this is the first time we have gotten  
3273 to be together in this role, and I just want to commend you  
3274 for your six years, certainly all your years of service but  
3275 six years in which I have watched you turn around what was a  
3276 national disgrace.

3277 The fact that we couldn't build safe embassies, have  
3278 them delivered on time and certainly not on budget, you have  
3279 changed all that. Whether it is the new center in Lebanon, I  
3280 am not talking about the new embassy but the visa center that  
3281 you stood up there on time and when no one else had been able  
3282 to do it in a decade. So you have made a great deal of  
3283 progress.

3284 I just want to--Mr. Platts, actually finishing our  
3285 question--having you take reference to the oversight and  
3286 reform where it says allegations of waste, fraud and abuse in  
3287 the U.S. Embassy in Iraq. Now as a matter of just pure  
3288 fairness, is there any waste, fraud or abuse in the  
3289 construction of the U.S. Embassy in Iraq when it is coming in  
3290 on time and on budget?

3291 General WILLIAMS. Congressman, in my opinion, no. I  
3292 travel all over the country, all over this world, 174 trips.  
3293 I am in and out of Iraq.

3294 This project is going to be good quality. It is going  
3295 to be accredited, and it is going to function. It is going

3296 | to come in at or below the \$592 million, and we are going to  
3297 | be on schedule.

3298 |       Mr. ISSA. I thank you, and I just want to point out that  
3299 | \$592 million is about what we are spending to be two or  
3300 | three, actually four years late putting in something here at  
3301 | the House of Representatives. It is amazing that we can't  
3302 | find a way to build something right here in the shadow of the  
3303 | Capitol and come in on time and under budget.

3304 |       Just the opposite, we are double the time and double the  
3305 | budget and, by the way, although Washington is not the safest  
3306 | city, no one is going to call it Baghdad.

3307 |       Thank you. I yield back.

3308 |       Mr. TIERNEY. The gentleman yields back.

3309 |       Ms. Watson, you are recognized for five minutes.

3310 |       Ms. WATSON. Thank you so much, and I want to thank our  
3311 | witnesses.

3312 |       Just yesterday, we passed a bill off the House floor  
3313 | that would prohibit permanent bases in Iraq. When this issue  
3314 | of building the largest embassy in the world came to us, I  
3315 | thought it was very curious because we intend to leave  
3316 | sometime soon, I would hope, and we are investing all of this  
3317 | money in the Baghdad embassy, about \$600 million.

3318 |       I am wondering with the number of people--I think the  
3319 | population is somewhere around 68 million--we are building  
3320 | the largest embassy in the world. That looks like we plan to

3321 | stay there for a long time.

3322 |       Now what I understand is that the man in charge of the  
3323 | project for the State Department, James Golden, has not laid  
3324 | eyes on the construction site for the past two months and  
3325 | will not do so during the remainder of the project. Through  
3326 | interviews of Mr. Golden and his subordinate, Mary French, we  
3327 | have learned that the ambassador ordered Mr. Golden to leave  
3328 | Iraq in May of 2007 and that he has not been allowed to  
3329 | return since then. In fact, Mr. Golden was escorted off the  
3330 | premises by armed guards.

3331 |       So, Ambassador Kennedy, this seems like an extraordinary  
3332 | step. Why did the ambassador, Ambassador Crocker, expel Mr.  
3333 | Golden from the embassy construction site he was supposed to  
3334 | oversee?

3335 |       I am compelled by what Major General Williams said, that  
3336 | this site is going to come in on time, come in on budget and  
3337 | come in with the kind of standards that will protect  
3338 | Americans and other people there.

3339 |       Ambassador Kennedy?

3340 |       Mr. KENNEDY. Ms. Watson, the actual on-site project  
3341 | supervisor for the construction in Baghdad, who is delivering  
3342 | the project on time and on budget as General Williams said,  
3343 | is Mary French.

3344 |       Ms. WATSON. Is she responsible for overseeing the  
3345 | project?

3346 General WILLIAMS. Yes. Yes, Congresswoman.

3347 Mr. KENNEDY. Yes, ma'am.

3348 Ms. WATSON. Well, why was Mr. Golden in that position  
3349 and ordered out of Iraq?

3350 General WILLIAMS. Mr. Golden was never in the position  
3351 as senior project director. Mary French was.

3352 Ms. WATSON. Oh, so we have incorrect information in  
3353 front of us?

3354 General WILLIAMS. Mr. Golden's function is managing  
3355 director of our emergency project coordinating office under  
3356 which the Baghdad project is one of the few. We have Harare.  
3357 We have several projects under that.

3358 Ms. WATSON. Is he still there?

3359 General WILLIAMS. He is not in Iraq. He is back doing.

3360 Ms. WATSON. No, he is not in Iraq. That was the  
3361 question.

3362 General WILLIAMS. He was never intended to be in Iraq  
3363 permanently.

3364 Ms. WATSON. Well, was he in Iraq?

3365 General WILLIAMS. No, he was never in Iraq permanently,  
3366 Congresswoman. He made visits as I do and others do.

3367 Ms. WATSON. Can you clarify something for me? I  
3368 understand that Mr. Golden under his statement of work was to  
3369 make site visits to Iraq, correct?

3370 General WILLIAMS. That is correct.

3371 Ms. WATSON. Okay. Did he ever make a site visit to  
3372 Iraq?

3373 General WILLIAMS. Oh, yes, many times.

3374 Ms. WATSON. That was my question earlier.

3375 General WILLIAMS. Yes, but he is not permanently  
3376 stationed there.

3377 Ms. WATSON. Hold on. Hold on. Yes is the answer.

3378 Now was he ordered out of Iraq?

3379 Mr. KENNEDY. The ambassador indicated that he felt  
3380 comfortable that Mary French who was the on-site project  
3381 supervisor would--

3382 Ms. WATSON. Would you answer my question? Was Mr.  
3383 Golden ordered out of Iraq? Am I making myself clear?

3384 Was Mr. Golden ordered out of Iraq?

3385 Mr. KENNEDY. The ambassador indicated that he did not  
3386 wish Mr. Golden to come to Iraq on any further times.

3387 Ms. WATSON. Very good. Can you tell me what led to that  
3388 decision?

3389 Mr. KENNEDY. There was a discussion about following  
3390 procedures at Post, and the ambassador indicated that he  
3391 wished Ms. French, who was the on-site project supervisor, to  
3392 finish the project as she had done so well all along.

3393 Ms. WATSON. So Mr. Golden was there and got into a  
3394 discussion with the ambassador about the procedures, the  
3395 oversight procedures, is that correct?

3396 Mr. KENNEDY. No, it was not a discussion with the  
3397 ambassador. It was a discussion of operating procedures and  
3398 Mr. Golden, as the General indicated, has other  
3399 responsibilities, significant responsibilities such as our  
3400 embassy in Harare as part of his functions.

3401 Ms. WATSON. Well, tell me this. If Ms. French was going  
3402 to do the job that Mr. Golden thought he was to do and was  
3403 told by the ambassador to leave Iraq, then why did it take  
3404 armed guards to remove him from the embassy grounds?

3405 Mr. KENNEDY. I can't since I wasn't there when Mr.  
3406 Golden was interviewed.

3407 Ms. WATSON. Can anyone at the table answer that?

3408 Chairman WAXMAN. [Presiding.] The gentlelady's time is  
3409 expired.

3410 Mr. Issa.

3411 Mr. ISSA. Thank you, Mr. Chairman.

3412 General Williams, again, thanks for your many years  
3413 since 1960 of service to our Country, service that I note you  
3414 have done at very, very small compensation by comparison to  
3415 private contractors. You have chosen to do that, I think,  
3416 out of a sense of patriotism, and I very much appreciate it.

3417 Were you in the room for the previous panel?

3418 General WILLIAMS. I was in the side room, Congressman.

3419 Mr. ISSA. Okay, I appreciate that. I am going to follow  
3420 up on a little of that because you are the expert. You are

3421 | the person with three decades in the Corps of Engineers and  
3422 | another two decades in construction.

3423 |         The estimate of the State Department, which would be  
3424 | you, was that these trailers had, at least in the specific  
3425 | allocation, six or eight thousand dollars or less to make  
3426 | right some punch points of mistakes, some of them grievous  
3427 | but mistakes, bad wiring, absence of a junction box and so  
3428 | on. Is that your understanding?

3429 |         General WILLIAMS. Yes, Congressman, and let me just  
3430 | amplify here. For someone who served two years in Vietnam, I  
3431 | lived in a trailer park. I know what a trailer park is. I  
3432 | know the difference between a prefabricated trailer park and  
3433 | permanent construction. It is temporary.

3434 |         In my professional opinion after 40 years, you never get  
3435 | something that is temporary, correct. You are constantly  
3436 | improving it, and it is all a function of who follows who and  
3437 | et cetera.

3438 |         So none of this is alarming to the extent that it is  
3439 | putting us in a situation where we can't correct it. We have  
3440 | not paid the contractor. We have all protection there.

3441 | These are punch list items. They happen on every single job.  
3442 | I just frankly don't see the issue here.

3443 |         It is temporary, defined to be anywhere from one to two  
3444 | years or less, and it is for an element that will not reside  
3445 | on the new embassy compound.

3446 Mr. ISSA. Thank you, General. You know I have  
3447 characterized this as a hearing in search of a villain, so I  
3448 don't see it either.

3449 The other day we did have some serious concerns about  
3450 FEMA-delivered trailers. Out of 100,000, 120,000, some of  
3451 them just flat were bad.

3452 General WILLIAMS. Right.

3453 Mr. ISSA. Now that was here in the United States where  
3454 you make a phone call, and the things roll in pulled behind  
3455 somebody's pickup truck or they drive themselves in or they  
3456 come in on flatbed.

3457 Can you characterize what it takes in a combat zone to  
3458 bring in modular housing, trailers--heck--water, anything,  
3459 what people went through and why you would accept something  
3460 that came in that wasn't quite up to snuff and make it right  
3461 later rather than wait four months to get somebody inside  
3462 housing?

3463 General WILLIAMS. Thank you for that question,  
3464 Congressman, because these trailers were manufactured in a  
3465 plant somewhere in the Middle East. They had to be  
3466 transported one trailer, one truck at a time. There were 380  
3467 trailers that had to be transferred from as close as Kuwait  
3468 but even further than Kuwait.

3469 It was a monumental task. We had 70 days of road  
3470 closures, and the trailers arrived. They were as we specked

3471 | them out.

3472 |       Yes, they had the odor of formaldehyde because it is my  
3473 | understanding that this is used for other preventive  
3474 | measures. To make certain that there were no issues with our  
3475 | trailers, we followed the protocol that was laid out by the  
3476 | manufacturer and that was to air them out for a period of  
3477 | time. Our industrial hygienists that are part of my staff  
3478 | concurred with that protocol.

3479 |       I have learned from Post recently that there is no odor  
3480 | left. We are going to go one step further and continue to  
3481 | monitor those trailers to make certain that everything is  
3482 | fine.

3483 |       I think, Congressman, we have done everything that we  
3484 | could do, can do under the conditions that we have had to  
3485 | work.

3486 |       Mr. ISSA. One final question because I think it is a  
3487 | cultural one in nature, and I am very concerned that we  
3488 | respect cultures of people we bring into countries. If  
3489 | somebody is Sikh or some other religion where they must wear  
3490 | a turban and they will not wear a hard hat, what has been  
3491 | your experience when you have to deal with that?

3492 |       What is construction done like in India and so on?

3493 |       Is there essentially a reasonable allowance that has to  
3494 | be made when you have that situation that is not consistent  
3495 | culturally with our norms? Because that was in the earlier

3496 | testimony.

3497 |       General WILLIAMS. Thank you, Congressman.

3498 |       As I mentioned, I have been all over the world, every  
3499 | corner, every country, 170 different hosts and locations. We  
3500 | are working in about half of those.

3501 |       Culture is an issue. I am very sensitive, and I make  
3502 | certain that our staff is very sensitive to culture. We have  
3503 | to be.

3504 |       I meet and greet workers. I don't spend much time in  
3505 | the embassies. Everyone knows that. I shake hands with  
3506 | them. I take pictures with them. I talk with them, and I am  
3507 | very sensitive about their religious cultures.

3508 |       Mary French handled this as delicately as anyone could  
3509 | handle it. Mary is not new at this. She has 32 years of  
3510 | experience, a registered architect. She knows what she is  
3511 | doing. Twenty years with Marriott, she has built buildings  
3512 | before. She is very sensible and reasonable and careful.

3513 |       Mr. ISSA. Thank you, General. Thanks again for your  
3514 | service.

3515 |       I yield back, Mr. Chairman.

3516 |       Chairman WAXMAN. Thank you, Mr. Issa.

3517 |       Mr. Tierney.

3518 |       Mr. TIERNEY. Thank you, Mr. Chairman.

3519 |       Mr. Krongard, if I might ask you a few questions on  
3520 | that, I guess it was three to four individuals that you

3521 interviewed when you went on your inspection.

3522 Mr. KRONGARD. The formal interview process was about a  
3523 half a dozen, roughly give or take, and then randomly I would  
3524 say I spoke to probably several dozen others.

3525 Mr. TIERNEY. So six?

3526 Mr. KRONGARD. Six of the formal.

3527 Mr. TIERNEY. That you formally interviewed.

3528 Mr. KRONGARD. And about some 50 or more others.

3529 Mr. TIERNEY. You took notes and put that into a report?

3530 Mr. KRONGARD. The notes were hard to take, and they were  
3531 on the backs of things because I didn't want people to think  
3532 I was, I didn't want to make them uncomfortable and think  
3533 that they were being transcribed or anything. But I took  
3534 notes, and they found their way into my report.

3535 Mr. TIERNEY. Now First Kuwaiti is the one that selected  
3536 the individuals whom you would interview. Is that at typical  
3537 way to operate?

3538 Mr. KRONGARD. Well, in this particular circumstance, I  
3539 had no other way of doing that, but that is why I  
3540 particularly wandered around and spoke, as I say, to several  
3541 dozen others selected randomly.

3542 Mr. TIERNEY. Why was there no other way for you to do  
3543 that in this instance?

3544 Mr. KRONGARD. I don't know how, who I would have  
3545 selected. I didn't have a roster of the hundreds or even

3546 thousands of employees that they had, and it is correct.

3547 I mean people have thrown out this conspiracy theory  
3548 that somehow First Kuwaiti stacked the deck. I can only tell  
3549 you that my sense of the demeanor of the people that I spoke  
3550 to was that they were being open and honest with me. The  
3551 people that I randomly selected, I have every confidence were  
3552 being open with me.

3553 But most important, sir, I was not there in Iraq. MNF-I  
3554 IG was there. They do this all the time. They are the  
3555 experts at this. They inspected 58 camps. So I asked them  
3556 to do even more, and their formal interview was, I think, 37  
3557 people, and they were confident that that they had open and  
3558 candid responses.

3559 Mr. TIERNEY. On your interviews with about 10 to 15  
3560 percent of the people that fluently spoke English, why didn't  
3561 you take a translator with you?

3562 Mr. KRONGARD. I did have a translator with me when I  
3563 went randomly. I don't know where your 10 or 15 percent  
3564 comes from.

3565 Mr. TIERNEY. Ms. French.

3566 Mr. KRONGARD. Pardon?

3567 Mr. TIERNEY. Ms. French.

3568 Mr. KRONGARD. I mean I just don't know that, but there  
3569 were certainly a large number of people that did speak  
3570 English. But during my wandering around, I did have a

3571 | translator with me.

3572 |         Mr. TIERNEY. You mentioned a series of allegations that  
3573 | led you to undertake your investigation. Did you follow up  
3574 | with the specific individuals who made those allegations?

3575 |         Mr. KRONGARD. Sir, I have, I was provided with the  
3576 | transcript of the interview that was given to Mr. Mayberry by  
3577 | the Trafficking in Persons Bureau. So I had Mr. Mayberry's  
3578 | testimony.

3579 |         Mr. TIERNEY. Did you follow up and speak to him  
3580 | directly?

3581 |         Mr. KRONGARD. I had no reason to speak to him directly,  
3582 | and I, sitting here today, have no reason to. I had  
3583 | everything that he said. David Finney has published  
3584 | everything that he has said. Some of the things that he said  
3585 | I saw with my own eyes.

3586 |         Mr. TIERNEY. Well, let me point to what he said. He saw  
3587 | things in March. You went there in September. So you  
3588 | thought there was no reason for you to question him at all  
3589 | about any disparities or differences that might have arisen  
3590 | in that point in time?

3591 |         You didn't want to inquire deeper into his observations  
3592 | or serious allegations?

3593 |         Mr. KRONGARD. No. I had everything he said. By the  
3594 | way, sir, I had been there the year before. I was there  
3595 | before he was.

3596 Mr. TIERNEY. But you did a more intensive investigation  
3597 the second time, if I am correct, is that right?

3598 Mr. KRONGARD. Sir, when I look right now at the  
3599 transcript of his interview with the Trafficking in Persons  
3600 Bureau and I see some of the allegations that were made, they  
3601 were contrary to what I saw and experienced in every post  
3602 around the world, and I have oversight responsibility for  
3603 some 265 posts and missions around the world.

3604 The vast number of those have some disgruntled employee  
3605 and they make all kinds of allegations and they may be true.  
3606 I am not saying that they are not, but I can't possibly start  
3607 out by saying that anybody who makes an allegation, I should  
3608 personally interview.

3609 I was given this transcript of Mr. Mayberry, and I had  
3610 all the things that he said in the newspapers and on 60  
3611 Minutes.

3612 Mr. TIERNEY. Other than the two site visits that you  
3613 made, who else did you talk to in order to investigate the  
3614 allegations?

3615 Mr. KRONGARD. I am sorry, sir.

3616 Mr. TIERNEY. Other than the individuals that you talked  
3617 to on your two sites, who else did you talk to during the  
3618 course of your investigation?

3619 Mr. KRONGARD. First of all, I didn't do an  
3620 investigation. I have tried to point that out. This was not

3621 | an audit. It was not an investigation.

3622 |         This was an agreed upon procedures and a limited review  
3623 | which I also did in conjunction with visits by the management  
3624 | committee or the management counselor. I did it in  
3625 | conjunction with two visits by the MNF-I IG who are really  
3626 | the experts at this.

3627 |         Mr. TIERNEY. They didn't go there until some time after  
3628 | you went. In fact, you tried to go there with them, and they  
3629 | weren't able to make it, and so you went on your own with the  
3630 | deputy, is that correct?

3631 |         Mr. KRONGARD. Yes, but not very long after. I was there  
3632 | in September. They were there in December.

3633 |         Mr. TIERNEY. But you are telling me that you took no  
3634 | responsibility in your position as Inspector General to do an  
3635 | inspection or to do an audit on your own on these serious  
3636 | allegations?

3637 |         Mr. KRONGARD. I believe that I did that, sir.

3638 |         Mr. TIERNEY. I mistook that because I thought you just  
3639 | said you didn't do a thorough audit or investigation.

3640 |         Mr. KRONGARD. I did what I thought was appropriate. I  
3641 | tested the credibility of the allegations. I looked at what  
3642 | was said, and I thought that I did an appropriate job, and I  
3643 | think today that I did an appropriate job.

3644 |         Mr. TIERNEY. My time is expired. Thank you.

3645 |         Chairman WAXMAN. Thank you, Mr. Tierney.

3646 I want to recognize myself.

3647 We have heard allegations about concerns raised embassy  
3648 staff and KBR about the quality of First Kuwaiti's work on  
3649 the embassy complex guard camp. Given that this is the same  
3650 company that is going to be responsible for the construction  
3651 of the permanent buildings at the embassy complex, I am also  
3652 concerned about the quality of work on those buildings.

3653 We have learned that the State Department officials have  
3654 had concerns about the design and construction of key systems  
3655 at the new embassy. John Archensky, the Deputy Director for  
3656 the Iraq Project Construction Office, has told Committee  
3657 staff that in reviewing designs prepared by First Kuwaiti his  
3658 staff identified concerns about the fire protection system,  
3659 the HVAC system, the power plant that could have affected the  
3660 operation of the embassy facility. This office is the part  
3661 of the OBO dedicated to the embassy project.

3662 For example, there were concerns that under First  
3663 Kuwaiti's design, there were not enough ductwork fans to  
3664 evacuate smoke from a fire so that people could exit the  
3665 building safely. Under First Kuwaiti's design, the wrong  
3666 electrical materials for the fire alarm system would be used.  
3667 Under First Kuwaiti's design, the electrical power system  
3668 might not operate correctly when the building is fully up and  
3669 running which could lead to blackouts.

3670 According to Mr. Archensky, the Iraq Project

3671 Construction Office sent back the fire alarm system designs  
3672 to First Kuwaiti three times and each time got back designs  
3673 that did not address their concerns.

3674 General Williams, is there any reason that First Kuwaiti  
3675 ignored proposed corrections to design flaws identified by  
3676 your staff?

3677 General WILLIAMS. Well, I don't think they ignored them,  
3678 Chairman Waxman. Let me just explain this process.

3679 There is always on these embassy compounds and of course  
3680 in all the other construction that I have done, it is always  
3681 give and take around designs and submittals and so on.

3682 We have an ongoing process where we invite the  
3683 particular discipline that we might have concern about. In  
3684 this case, it would be fire engineers. At my request, they  
3685 made the normal visit out, and we want them to dig and look  
3686 and turn over every rock. I expect a report to come back  
3687 identical to the way it came back so that we can be more  
3688 vigilant about it.

3689 We take that report. We use it as a quality assurance  
3690 to make certain that things are done correct.

3691 Chairman WAXMAN. I appreciate that.

3692 General WILLIAMS. But the real, if I could.

3693 Chairman WAXMAN. Sure.

3694 General WILLIAMS. The real rights of passage, if you  
3695 will, for everything that we build on an embassy is an

3696 accreditation process which occurs, about to occur now on the  
3697 new embassy. It will judge how the embassy was built because  
3698 prior to building--I think you know this, Mr. Chairman--we  
3699 have to certify to the Congress that around a design, this is  
3700 what we are going to build.

3701 So the accreditation team comes back at about the 98, 99  
3702 percent level and accredits that. That process will take  
3703 place. There is no way to have or to put in place a new  
3704 embassy compound that does not meet our specifications.  
3705 There is a lot of give and take.

3706 Chairman WAXMAN. General, I appreciate that.

3707 But when the installation work began, the construction  
3708 office conducted an inspection of the fire safety system and  
3709 identified the following problems. The inspection determined  
3710 that First Kuwaiti had installed the wrong size conduits in  
3711 the alarm system that had to be fixed. The inspection  
3712 determined that the pipe for the sprinkler system were not  
3713 connected properly and could break apart under pressure.

3714 Are you concerned about these problems that your staff  
3715 identified or do you just hope that when you do the  
3716 accreditation it is going to be corrected?

3717 One of the documents we asked to see before this hearing  
3718 was the fire safety report that documented the problems we  
3719 have been talking about. Mr. Archensky talked about this  
3720 report in his interview with the Committee staff. This is

3721 | being withheld from the Committee.

3722 |       I don't understand why it is being withheld. Hiding bad  
3723 | news will not make bad news go away. It usually compounds  
3724 | the problem.

3725 |       I want your response to this. Are you concerned about  
3726 | these problems that your staff has identified?

3727 |       General WILLIAMS. I would be happy to, Mr. Chairman. I  
3728 | am concerned about every single problem, and I think anyone  
3729 | who has been in an earshot of me for the last six years knows  
3730 | this. I turn over most of these myself when I go. I am  
3731 | looking for them.

3732 |       Any time a report comes in to me, I ordered the fire  
3733 | people to go out as I do on all of these. Go out and take a  
3734 | look. I send electrical people out. I send mechanical  
3735 | people out, et cetera, et cetera.

3736 |       I want to be absolutely certain because there will be an  
3737 | accreditation process, and I want these things corrected.

3738 |       I have found with this contractor that there has never  
3739 | been any shyness on correcting what we bring to their  
3740 | attention. They want to get it right. They have tried very  
3741 | hard to get it right. They are not perfect.

3742 |       I have never seen a perfect project. There is always  
3743 | when you are installing something of this magnitude, there  
3744 | are things that are not exactly the way they should be, and  
3745 | that is the reason we have these checkpoints in the process.

3746 | We have a good process. If you look at the 50 embassies that  
3747 | we have built, they will meet the test and the standard.

3748 | Chairman WAXMAN. The guard camp went through the same  
3749 | process.

3750 | General WILLIAMS. No. Guard camp is a temporary  
3751 | facility. It is not subject to the rigor of a permanent  
3752 | facility.

3753 | Chairman WAXMAN. I see. So the fact that that was all  
3754 | messed up with all sorts of problems shouldn't be taken as  
3755 | evidence that, one, you didn't have a process that worked  
3756 | and, two, the company that didn't work shouldn't be held  
3757 | accountable for it or thought maybe would be doing poor work  
3758 | on the embassy.

3759 | General WILLIAMS. No, Chairman Waxman. The company that  
3760 | built it should be held responsible for doing everything that  
3761 | they set out to do. As I mentioned earlier, we have not paid  
3762 | them, so the Government has no issue here.

3763 | Any of these issues that we feel that clearly are on  
3764 | First Kuwaiti's plate, they have been or will be taken care  
3765 | of.

3766 | But, as I said earlier, for someone who spent two years  
3767 | in Vietnam and lived in a camp, you never get a camp right.  
3768 | You constantly are doing things to it and it is sort of in  
3769 | the eyes of who comes after you. But we do the best we can  
3770 | with it to make it work.

3771 Chairman WAXMAN. My time is expired, but I just want to  
3772 say that KBR complained that this wasn't being done properly.  
3773 It still wasn't fixed. Then your own people went out and  
3774 came back with the same problems. It still wasn't fixed.

3775 I just think that that is an indication of a system that  
3776 is not working the way it should, and that is why I am asking  
3777 all these questions.

3778 It is Mr. Shays' time.

3779 General WILLIAMS. Is it possible for me to respond to  
3780 that?

3781 Chairman WAXMAN. Certainly, go ahead.

3782 General WILLIAMS. Our people, my people did not go back  
3783 to the man camp and come back and say that things were not  
3784 done. What I recall is I have 80 union workers on this  
3785 project, all Americans, and to make certain that this camp's  
3786 electrical part was right.

3787 Chairman WAXMAN. Let me just say that I have a document  
3788 that I am sure you have seen, and it says: ''Within this  
3789 document are the results of the commissioning of the DS man  
3790 camp on the west side of the new embassy complex in Baghdad,  
3791 Iraq. As noted within the enclosed documentation, the camp  
3792 meets and exceeds the requirements of Section C of  
3793 contract.''

3794 Then it goes through within the camp are the following  
3795 structures, and it is certified.

3796 Well, I don't know what that is supposed to mean if it  
3797 turns out they certify it and then it is not meeting those  
3798 expectations.

3799 General WILLIAMS. Well, there is a punch list on every  
3800 single piece of work that I think anyone has ever touched.  
3801 This was KBR coming in, and they looked at things. We had,  
3802 as my friend here said, some discussions about them, and we  
3803 will correct those.

3804 Chairman WAXMAN. KBR came in after the punch list.

3805 General WILLIAMS. Yes.

3806 Chairman WAXMAN. So they came in after the punch list  
3807 and said these things are not the way they are supposed to  
3808 be.

3809 Mr. Shays.

3810 Mr. SHAYS. Thank you. Thank you, Mr. Chairman, and  
3811 thank you to the witnesses.

3812 As I have listened to today's hearing, I came in with an  
3813 open mind, concerned particularly about, one, the cost of the  
3814 facility that costs \$592 million. That is a lot of money  
3815 considering this is a rather big facility but recognizing  
3816 that you are basically going to look to house everyone within  
3817 the compound which makes it much more expensive.

3818 I am struck by the fact that there is really no  
3819 contention that you aren't on time and that you haven't  
3820 stayed within cost. So that is a significant fact to point

3821 out.

3822           There is no project that is not going to have issues  
3823 about the quality of work in certain places. The issue is  
3824 how have you dealt with it. I am struck by your testimony  
3825 and the witnesses that testified that you have dealt with it  
3826 pretty well.

3827           But who knows? Maybe there will be some report that  
3828 finds something later that you haven't done well. The one  
3829 thing we can be certain of is you have done a heck of a lot  
3830 better job in building this facility in a war zone than we  
3831 have done in staying within cost and within time in the  
3832 visitors center here in the Capitol. That is very clear to  
3833 me.

3834           What is disconcerting to me is the continual confusion  
3835 of a workers compounds in temporary trailers, now temporary  
3836 more than 90 days but not permanent. They are going to be  
3837 taken down and mixing that up with the facility.

3838           Then when we look at the KBR's first witness, we are  
3839 basically looking at something under \$6,000 worth of  
3840 mistakes, not tens of thousands, not hundreds of thousands,  
3841 not millions, certainly not billions. So I am struck with  
3842 that.

3843           What concerns me is the issue that it relates to  
3844 employees. One, I would have liked these to be Iraqis.  
3845 First, tell me why they couldn't be Iraqis and then I want to

3846 go from there.

3847 General WILLIAMS. Congressman Shays, we tried very hard  
3848 to vett and get Iraqis to work. This was our first choice,  
3849 at least the contractor's first choice.

3850 I will let my colleague, Ambassador Kennedy, speak to  
3851 the difficulties of getting that process through.

3852 Mr. SHAYS. Give me the short version, not the long  
3853 version.

3854 Mr. KENNEDY. Mr. Shays, there are two issues here. One  
3855 is that because of the security situation in Baghdad, the  
3856 Iraqi employees are truly afraid to transit in and out of the  
3857 Green Zone.

3858 Secondly, we have not been able to find an easy way to  
3859 vett, run police checks, run security checks on Iraqis  
3860 because of the problems that are currently present in the  
3861 country. Therefore, we did not want to inject an element of  
3862 bringing employees onto the site who might do not what we  
3863 wanted them to do, to do something nefarious.

3864 So, first choice, hire local but if we cannot hire local  
3865 for a variety of reasons, then we must go to alternate means  
3866 of employment.

3867 Mr. SHAYS. Mr. Inspector General, I am looking at a  
3868 document, and it says basically several NEC TCNs reported  
3869 that fraudulent hiring practices were used during their  
3870 recruitment. They stated the promises made and the terms of

3871 | the original contracts presented to them in their country of  
3872 | origin were inconsistent with the actual conditions--low pay,  
3873 | longer hours, no days off--of their employment in Iraq.

3874 |         In all cases where deceptive hiring practices were  
3875 | evident, the workers originated from the Indian Subcontinent,  
3876 | countries of Nepal, India, Pakistan, Bangladesh and Sri  
3877 | Lanka. The deception was from recruiting agencies that were  
3878 | being paid by these workers if they accepted these jobs and  
3879 | traveled to Iraq.

3880 |         Additionally, some workers were told to sign contracts  
3881 | in their home countries in English even though they could not  
3882 | read or understand the text of the contract.

3883 |         That seems to be to be a pretty serious problem. While  
3884 | we can't necessarily call it slave labor, doesn't it suggest  
3885 | that the people who were contracting these people may have  
3886 | made out like bandits while the people who ended up working  
3887 | in Iraq were clearly being abused, given they didn't get  
3888 | everything they expected in terms of pay and given that their  
3889 | hours may have been longer, et cetera, et cetera, et cetera?

3890 |         Put in context that. It seems to me that is a pretty  
3891 | strong indictment.

3892 |         Mr. KRONGARD. Yes, sir, it may well be. The question is  
3893 | who is it an indictment of, and it is mainly an indictment of  
3894 | recruiting practices in the Indian Subcontinent countries. I  
3895 | don't really have the jurisdiction.

3896 Mr. SHAYS. I know you don't have the jurisdiction, but  
3897 maybe I could ask all of you to address it.

3898 This is what I think this hearing should focus on. We  
3899 can't wash our hands of the fact that we asked someone else  
3900 to do the recruiting and, in the end, we end up with people  
3901 who have been in fact brought in, getting less pay, and not  
3902 getting the employment they thought while the people who did  
3903 it seem to have made out quite well.

3904 I guess what I want is what is the difference?

3905 Mr. KRONGARD. If I may, and I don't want to be in the  
3906 position of defending these recruiters because I am most  
3907 certainly not. I want it on the record that I very much  
3908 disapprove of that. We have recruiters in this Country who  
3909 do things that I disapprove of.

3910 But I did go back to First Kuwaiti because I wanted to  
3911 know whether they had any relationships with these recruiters  
3912 or were sharing in the making out like a bandit as you say.

3913 What I was told and based on my discussions, limited  
3914 though they were, it was supported that First Kuwaiti itself  
3915 was not using recruiting agencies, that they did not have any  
3916 direct relationships, that they did not share in any of the  
3917 profits, that for the most part the people that they came in  
3918 touch with who became employees on the new embassy compound  
3919 site had been hired by other construction companies on other  
3920 sites and then had switched over to First Kuwaiti.

3921 Mr. SHAYS. Let me interrupt, though. It was our money  
3922 that was paying these folks, wasn't it, ultimately?

3923 Mr. KRONGARD. No.

3924 Mr. SHAYS. I don't know how you can say no. Aren't we  
3925 paying for the embassy?

3926 Mr. KRONGARD. We are paying a fixed price for the  
3927 embassy. That is correct.

3928 Mr. SHAYS. Right, and so it may not be our taking and  
3929 writing out a check to them, but it is basically our dollars  
3930 going to be used in this embassy, hiring contractors and  
3931 others to do the job. Don't we have some moral  
3932 responsibility to make sure that the employees who are  
3933 working there aren't being taken advantage of?

3934 I would ask the indulgence of the Chair just to pursue  
3935 it with the others.

3936 So do you have a comment on that?

3937 Mr. KRONGARD. I am sorry. I don't believe that I have  
3938 any authority to enforce the laws of Nepal or Sri Lanka. I  
3939 really don't.

3940 Mr. SHAYS. I am really not asking whether you enforce  
3941 it. You were clear as to what you were saying. You were  
3942 saying these people were taken advantage of.

3943 Mr. KRONGARD. Yes.

3944 Mr. SHAYS. But it seems to me that it rests on our  
3945 shoulders because we are the ones who are ultimately paying

3946 | the people to build this.

3947 |       Mr. KRONGARD. And, sir, I have advised the Department of  
3948 | Justice of that.

3949 |       Mr. SHAYS. Okay. Let me ask the State, and then we will  
3950 | go from there.

3951 |       Thank you, Mr. Chairman.

3952 |       General WILLIAMS. Yes, just a quick note, Congressman  
3953 | Shays, before I pass to my procurement colleague.

3954 |       Every matter that relates to the human element in the  
3955 | area that I supervise is important as part of the  
3956 | preconstruction conferences with any contractor, American  
3957 | contractors, because you know they get their work done with  
3958 | foreign workers. So it is not just an isolated matter here  
3959 | for First Kuwaiti.

3960 |       We say to them, we expect you to be very, very much in  
3961 | line with our rules and regulations as much as they can.

3962 |       Mr. SHAYS. But they weren't.

3963 |       General WILLIAMS. Pardon me?

3964 |       Mr. SHAYS. It appears that they were not.

3965 |       General WILLIAMS. Well, no. We say this every time that  
3966 | we hear one of these allegations.

3967 |       Mr. SHAYS. General, I just have to say, saying it and  
3968 | somehow enforcing it with how we reimburse and so on, there  
3969 | should be some mechanism that holds us accountable.

3970 |       I realize I am a little over time, but I would like to

3971 | just have Mr. Moser respond.

3972 |       Mr. TIERNEY. [Presiding.] Before you do, if you would  
3973 | just yield to me one second.

3974 |       Mr. SHAYS. Sure.

3975 |       Mr. TIERNEY. I think you are onto the nub of this part  
3976 | of the hearing. The Subcommittee's part of the hearing is on  
3977 | this, and that is what we thought was important.

3978 |       We all know what we are dealing with here, and I don't  
3979 | think anybody is comfortable. I wouldn't suggest that any of  
3980 | you gentlemen are comfortable with what is going on.

3981 |       So the question is why don't we have it in the contracts  
3982 | to people like First Kuwaiti and for somebody like that, Mr.  
3983 | Moser? Why isn't it a contractual matter that they make sure  
3984 | that even if they try to outsource the hiring or if they  
3985 | accept the work?

3986 |       I mean I don't really buy that everybody just showed up.  
3987 | Three thousand people showed up, and they were actually hired  
3988 | by somebody else and just hopped over the fence to First  
3989 | Kuwaiti or whatever. But why aren't they responsible for the  
3990 | recruiters and the recruiters' bad practices and then that  
3991 | company is responsible to us so that this kind of thing  
3992 | doesn't happen?

3993 |       Mr. MOSER. Well, Mr. Shays, I think to be honest with  
3994 | you, we do the contract according to the Federal acquisition  
3995 | regulations.

3996 Mr. SHAYS. I don't think your mic is on.

3997 Mr. MOSER. Excuse me. I am sorry. The mic wasn't on.

3998 But to be honest with you, Mr. Chairman, we construct  
3999 the contracts on the basis of the Federal acquisition  
4000 regulations. In June of 2006, we added to all of our  
4001 contracts unilaterally the Trafficking in Persons clause in  
4002 conformance with legislation by Congress.

4003 We take these very seriously, but at this time our reach  
4004 does not extend to third country hiring practices. It is not  
4005 within the terms of the contract. Even though we can have a  
4006 discussion about whether that is a good idea or not, it is  
4007 currently not within the legislative scope of the Federal  
4008 acquisition regulations.

4009 Mr. SHAYS. Well, as the Chairman said to me, we should  
4010 make sure that we have impact there.

4011 I would just conclude, and I think all my colleagues  
4012 would agree so I am not just taking a position that is unique  
4013 to my own view. We are complicitous, and we have to make  
4014 sure this does not happen. We have to make sure that in the  
4015 process of trying to find people who can work at a facility,  
4016 given it can't be Iraqis, that we are in essence becoming  
4017 part of the problem of human trafficking.

4018 That is what I am concerned about at least as it relates  
4019 to this hearing, and I know, Mr. chairman, that was your  
4020 concern when we started this.

4021 Mr. TIERNEY. This is the reason for this hearing. I  
4022 understand that the modification was made to the First  
4023 Kuwaiti contract last year amongst a lot of other contracts  
4024 because of legislation this Congress passed, sharing  
4025 everyone's concern on that. They added the human trafficking  
4026 clause. The President has made it very clear that he  
4027 declared that there be zero tolerance for it when it came to  
4028 human trafficking.

4029 But even under General Casey's tenure in Iraq, the  
4030 Department of Defense confirmed that there were deceptive  
4031 hiring practices going on at the time, excessive fees charged  
4032 by overseas job brokers who lured workers into Iraq,  
4033 substandard living conditions once laborers arrived,  
4034 violations of Iraqi immigration laws, lack of mandatory  
4035 awareness training on the U.S. bases concerning human  
4036 trafficking.

4037 The General ordered in April, 2006, that harsh actions  
4038 be taken against firms that failed to return passports or  
4039 other abuse practices. Contracts would be terminated.  
4040 Contractors would be blacklisted from future work, and  
4041 commanders could physically bar firms from bases.

4042 We have put that modification there. Are you telling us  
4043 now that is not enough, that in order to hold the Kuwaiti  
4044 company responsible for their subcontractors who are out  
4045 there bringing people in under these bad conditions?

4046           It seems to me we need, one, a more intensive authority  
4047 for Mr. Krongard to go in and inspect and audit and, two, we  
4048 need to put some teeth into these things so it doesn't  
4049 happen. I will just take the liberty of getting a response on  
4050 that.

4051           General WILLIAMS. Mr. Chairman, we will clearly look  
4052 into it. We take your counsel very seriously. This is a  
4053 matter that if we can have more authority and provisions, I  
4054 am sure that our procurement arm would be delighted to deal  
4055 with that.

4056           Mr. TIERNEY. I thank you.

4057           As I think the testimony here today indicates--Mr.  
4058 Shays, I think you will agree--inspections on a regular basis  
4059 to see whether or not this is happening, contractual  
4060 provisions to hold people responsible, not just to kick it  
4061 down the road and say, gee, it happened in Asia or Southeast  
4062 Asia, and then some accountability on that.

4063           Mr. KRONGARD. Sir, if I could respond to you as well  
4064 because I agree with you.

4065           Mr. TIERNEY. Yes, Mr. Krongard, please.

4066           Mr. KRONGARD. I wish I did have more authority, and that  
4067 is why I went to the Justice Department. I have had lengthy  
4068 discussions with them about what their jurisdiction is.

4069           But I do want to say you mentioned their subcontractors.  
4070 We still do not have any evidence that First Kuwaiti is in

4071 | privity with or has relationships with these contractors,  
4072 | these recruiters.

4073 |         Mr. TIERNEY. I understand, but maybe we should find out  
4074 | whether that is the case.

4075 |         Mr. KRONGARD. I did the best I could.

4076 |         Mr. TIERNEY. Because it stretches the credibility of all  
4077 | of us here to think that every single worker for First  
4078 | Kuwaiti just happened to be in Iraq at the time, whether they  
4079 | are from Nepal or India or some place else and they took them  
4080 | from somebody else's handiwork of getting them into Iraq.

4081 |         Mr. KRONGARD. No. What happens is that the workers in  
4082 | these countries are recruited. They pay money to the  
4083 | recruiters, and the recruiters assist them just like college  
4084 | recruiters or something would do here and assist them in  
4085 | getting the jobs with First Kuwaiti or with somebody else.

4086 |         Mr. TIERNEY. People can't be turning a blind eye to  
4087 | that. People know how this process works, and it shows up on  
4088 | their doorstep. People have to take responsibility for it  
4089 | one way or the other. It starts with us, goes down to the  
4090 | contractor, goes right down to what is happening to those  
4091 | people.

4092 |         When you have to take \$2,500 from somebody in order to  
4093 | get them for a job that pays \$7 a day and then tell them they  
4094 | can't leave unless they pay \$3,000 which is some of the  
4095 | testimony that we have in reports--it was before today--there

4096 | is a problem here. I don't think any of you disagree.

4097 |       We need to do something about that, and that is the  
4098 | purpose of this hearing and this portion of this hearing.

4099 |       General WILLIAMS. We take your counsel, Mr. Chairman.  
4100 |       Mr. TIERNEY. Thank you.

4101 |       Ms. McCollum, you are recognized for five minutes.  
4102 | Thank you for your patience.

4103 |       Ms. MCCOLLUM. Thank you, Mr. Chair. I want to read a  
4104 | little more here.

4105 |       These workers reported that they usually raised money to  
4106 | pay for the recruiting fees by selling or mortgaging their  
4107 | land or house to a bank at 18 to 24 percent interest per  
4108 | year. Other workers borrowed money from family or friends in  
4109 | their village to pay these legal fees to recruiters, and in  
4110 | several extreme cases it went on that workers relinquished  
4111 | all pay between 9 and 12 months of labor in order to repay  
4112 | their recruiting fees and interest.

4113 |       On page two, number four, I believe these are your  
4114 | words: ``I saw no evidence of trafficking in persons  
4115 | violations other than illegal recruitment fees occurring.  
4116 | The workers were being paid. They had the ability to quit  
4117 | any time and, with some advance notice, return to their home  
4118 | country.''

4119 |       Are those your words?

4120 |       Mr. KRONGARD. No. What you read from first were the

4121 | words of the Inspector General of MNF-I which is appended to  
4122 | my report.

4123 | Ms. MCCOLLUM. This is attached to your report.

4124 | Mr. KRONGARD. But I don't think I disagree with their  
4125 | conclusion that those things which were--

4126 | Ms. MCCOLLUM. Excuse me, though. People who mortgage  
4127 | their homes at 18 to 20 percent interest per year, borrowed  
4128 | money from family and friends, basically said that they  
4129 | relinquished all pay for 9 to 12 months, you would agree then  
4130 | with the statement at the bottom that workers were being paid  
4131 | and they had the ability to quit any time at some advance  
4132 | notice and return to their home country?

4133 | Mr. KRONGARD. Yes, they did have the right to do that.

4134 | Ms. MCCOLLUM. They had the right to do that probably if  
4135 | they came up with their own airfare to get back home and  
4136 | could find their passports.

4137 | I have a question, sir. Mr. Owens and Mr. Mayberry  
4138 | described people who had been brought into work, in their  
4139 | opinion, under false pretenses. Do you think that there is  
4140 | some validity to their statements based on what I just read  
4141 | and based on what you said about how this was subcontracted  
4142 | to somebody to somebody to somebody so nobody really knew  
4143 | what was going on when these people were recruited or what  
4144 | they had been told?

4145 | Mr. KRONGARD. No, I don't think that is what we were.

4146 | That is not what I was told, and that is not what I am  
4147 | saying.

4148 |         First of all, the people that I spoke to, and I didn't  
4149 | speak to.

4150 |         Ms. MCCOLLUM. I asked you if you thought Mr. Owens and  
4151 | Mr. Mayberry, based on what they testified, based on the  
4152 | proximity, the amount of time that they spent with these  
4153 | individuals, being in an airplane when destination Baghdad  
4154 | came over the speaker. I think most people around the world  
4155 | know where Baghdad is and what Baghdad translates in English.

4156 |         They seemed pretty shocked and seemed like they didn't  
4157 | think this was they signed up for.

4158 |         Based on what I had just read and what has just been  
4159 | discussed by you gentlemen here for, in my opinion, horrific  
4160 | job recruiting practices that this in fact, what Mr. Owens  
4161 | and what Mr. Mayberry said, very well could have accurate.  
4162 | You don't know that it isn't accurate, do you?

4163 |         Mr. KRONGARD. Neither I nor the MNF-I IG had found any  
4164 | reason to believe that the stories regarding the aircraft and  
4165 | people not knowing where they were going. We found nothing  
4166 | to support that.

4167 |         Ms. MCCOLLUM. But you don't know whether it is accurate  
4168 | or inaccurate, do you?

4169 |         Mr. KRONGARD. I have a lot of indication that it is not  
4170 | accurate. All the information that I have, other than from

4171 | those two gentlemen, is that it is inaccurate.

4172 |       Ms. MCCOLLUM. Maybe General Williams, you were talking  
4173 | about security earlier. Is the site of the U.S. Embassy  
4174 | construction area, a secure area?

4175 |       General WILLIAMS. Yes, it is.

4176 |       Ms. MCCOLLUM. Does access to the Green Zone and the  
4177 | embassy construction site require a security clearance?

4178 |       General WILLIAMS. That is set by the Green Zone. I  
4179 | defer to my colleague.

4180 |       Ms. MCCOLLUM. The embassy construction site then, does  
4181 | that require a security clearance?

4182 |       Mr. KENNEDY. The access to the Green Zone is not, does  
4183 | not require a U.S. security clearance. Access to the  
4184 | construction site, as General Williams can explain better  
4185 | than I, there are multiple layers within the construction  
4186 | site.

4187 |       Ms. MCCOLLUM. I have limited time. I understand that.  
4188 | It is already yellow.

4189 |       Have security background checks been done on all the  
4190 | individuals permitted inside of the embassy construction  
4191 | zone?

4192 |       General WILLIAMS. When they were required, I have not  
4193 | received any information to suggest they are not.

4194 |       Ms. MCCOLLUM. All the employees of First Kuwaiti working  
4195 | on the site, do they all have security background checks?

4196 General WILLIAMS. They have been vetted through the  
4197 system that is required for all workers on our sites.

4198 Ms. MCCOLLUM. So these recruiters when they were getting  
4199 them in the villages and they were signing up their 18 and 20  
4200 percent mortgages on their homes so that they could pay these  
4201 exorbitant recruiting fees, they were vetted by these  
4202 recruiters?

4203 General WILLIAMS. Congresswoman, I believe this was  
4204 occurring in the countries where the individuals were.

4205 Ms. MCCOLLUM. Whose responsibility should it be for the  
4206 security background checks? Should it be the U.S.  
4207 Government's responsibility?

4208 General WILLIAMS. I will defer.

4209 Mr. KENNEDY. Ms. McCollum, there is a distinction  
4210 between a U.S. security clearance which is required and can  
4211 only be granted to an American citizen to work in certain  
4212 areas and to have either access to classified information.

4213 Ms. MCCOLLUM. I made it very clear I was talking about  
4214 construction sites, gentlemen. I wasn't talking about  
4215 looking at how the alarm system is going to operate but the  
4216 basic construction system.

4217 You said you couldn't hire Iraqis because they couldn't  
4218 be vetted. So I am asking, who vetted these people?

4219 Mr. KENNEDY. Name checks are run on workers, but there  
4220 is a difference between a vetting name check and a security

4221 clearance, and that is what I am trying to explain is that  
4222 there are, in effect, gradations and levels depending on the  
4223 work involved, ma'am.

4224 Ms. MCCOLLUM. Well, Mr. Chair, my time is up.

4225 But I would be very anxious in finding out why we  
4226 weren't able to really find out how these people were  
4227 selected for this job. They came from countries--Pakistan,  
4228 Egypt, Bangladesh, and India--where there are terrorism  
4229 concerns, and the fact that they are in-country, working in a  
4230 U.S. area, building a U.S. embassy is a concern to me.

4231 Mr. TIERNEY. Mr. Kennedy.

4232 Mr. KENNEDY. If I might, Ms. McCollum, I know your time  
4233 is limited today, but I would be happy to come and see you,  
4234 accompanied by a senior representative from our diplomatic  
4235 security service, to explain the intricate process that we do  
4236 go through, ma'am.

4237 Ms. MCCOLLUM. Mr. Kennedy, I think just providing that  
4238 information to the Committee would be fine. Thank you very  
4239 much for your offer.

4240 Mr. TIERNEY. Thank you, Ms. McCollum.

4241 Ambassador, let me just pry a second on that because I  
4242 am curious. There were two aspects to your issue with the  
4243 people. One was that Iraqis were finding it difficult to go  
4244 into the Green Zone and back out. They had their own  
4245 security they were concerned about, and I understand that.

4246           That may, in fact, be a stopper on that because my first  
4247 question coming in here was why aren't we just hiring all the  
4248 Iraqis. If we can hire Pakistanis, we should be able to do  
4249 the same background check on all of them.

4250           Is that pretty much it, that we could do the same  
4251 background check on everybody and hire, but it is really the  
4252 second point that is a stopper?

4253           Mr. KENNEDY. It is both, sir. I mean there are a number  
4254 of Iraqis that are afraid to enter the Green Zone and,  
4255 secondly, we are able to do the limited vetting that we do in  
4256 some locations easier than we can do it in Iraq because of  
4257 the lack of records and the ongoing strife there.

4258           Mr. TIERNEY. So it may be easier in Nepal and Pakistan  
4259 and places like that than it is in Iraq?

4260           Mr. KENNEDY. To do vetting.

4261           Mr. KRONGARD. Sir, could I make a point on that as well?

4262           Mr. TIERNEY. Sure.

4263           Mr. KRONGARD. Some two years ago, that was before some  
4264 of you, and in conjunction with the Inspector General of the  
4265 Department of Defense, my office issued an interagency  
4266 assessment at an Iraqi police training program. One of the  
4267 things we pointed out then, and I think it was well received,  
4268 was that the recruits to the police forces were not vetted  
4269 well.

4270           There has always been difficulty for us as Americans in

4271 vetting Iraqis particularly because you might find some  
4272 terrorists in some of these countries, but in Iraq every one  
4273 has a side. They have a religion. They have an ethnicity.  
4274 They have a tribe. They are living in that war zone area.

4275 We were critical at that time of the vetting process,  
4276 and I personally continue to be concerned about anything that  
4277 would bring large numbers of Iraqis who are not well vetted  
4278 into secure areas.

4279 Mr. TIERNEY. Thank you for that.

4280 General, I have a point that I want to raise. Michael  
4281 Michener from the Bureau of Democracy, Human Rights and  
4282 Labor, DRL I guess we call it, I am informed that he sought  
4283 access to the embassy site in order to investigate  
4284 allegations of labor abuse and reportedly he was denied  
4285 access by Mr. Golden, by James Golden. Can you enlighten us  
4286 on that?

4287 General WILLIAMS. No, I cannot. I heard the same thing.  
4288 I checked with Mary French who is the keeper of the key to  
4289 whoever comes on the guard site. She is very tight. She is  
4290 very sensitive about what goes on, on that site.

4291 Congressman, just understand that our people are under  
4292 tremendous pressure, and I know you have appreciation of what  
4293 a war zone is, but it is wound up as tight as it can get  
4294 every day. There is so much that Mary has to look at. One  
4295 is security. We were concerned about this from day one.

4296 Mr. TIERNEY. Can I just interrupt you for a second  
4297 because I want to make sure we get your answer right. I am  
4298 not told that she refused anybody admission. I am told that  
4299 Mr. Golden, without comment, refused Mr. Michener the access.  
4300 Now Mr. Golden himself isn't even on the site.

4301 General WILLIAMS. Right, so I don't know that.

4302 Mr. TIERNEY. Would you inquire into that for us?

4303 General WILLIAMS. I will inquire, and I will get back to  
4304 you on that, sir.

4305 Mr. TIERNEY. And get back to the Committee on what is  
4306 going on with that because I think that is important to know.

4307 General WILLIAMS. Yes, sir.

4308 Mr. TIERNEY. I assume, and you can tell me otherwise,  
4309 that you have never resisted the initiation of an  
4310 investigation by the Inspector General, by the Department of  
4311 Justice or any other investigative body, even the DRL. Is  
4312 that correct?

4313 General WILLIAMS. No, but when issues come to me in that  
4314 regard, I report them to the Inspector General and the  
4315 department in the State Department that is responsible for  
4316 them.

4317 Mr. TIERNEY. I will tell you one more reason why that  
4318 concerns me. I have a series of e-mails here that went from  
4319 the DRL back and forth to Baghdad on that. The last one is  
4320 from Mr. Golden, and it basically is to Mary French. It

4321 | refers to an e-mail about this trafficking question and  
4322 | whether or not we can inquire of those matters or not. Mr.  
4323 | Golden responds to Mary French, do not respond to these  
4324 | folks, the DRL.

4325 |       I would be concerned about that. I hope you will look  
4326 | into that.

4327 |       General WILLIAMS. Well, I will look into it.

4328 |       Mr. TIERNEY. Because I think it is their job to inquire.

4329 |       General WILLIAMS. Sure.

4330 |       Mr. TIERNEY. We want them to do that, and I suspect you  
4331 | want them to do it.

4332 |       General WILLIAMS. That is right.

4333 |       Mr. TIERNEY. Last point for me before Mr. Shays adds his  
4334 | last one and we let you go, and I don't if Mr. Kennedy wants  
4335 | to answer this.

4336 |       I understand we are building or plan to build an embassy  
4337 | in Lebanon, and there has been controversy reported recently  
4338 | that it is right smack in the area where Hezbollah are said  
4339 | to control. I am told recently that that might now be on  
4340 | hold. Is it on hold or is it going forward?

4341 |       If it is on hold, exactly when was that decision made  
4342 | and communicated to you?

4343 |       Mr. KENNEDY. As part of our ongoing process, the General  
4344 | working with the entire Department prepares a list, and we  
4345 | will build this embassy next and then that embassy. We had

4346 | plans to build an embassy in Beirut.

4347 |         In light of the recent events in Lebanon, there was a  
4348 | discussion within the Department and on the sixth of July,  
4349 | the Under Secretary for Management determined that the  
4350 | conditions on the ground in Beirut did not permit us now to  
4351 | proceed with the construction effort. That was communicated  
4352 | the following day to the General, to the Near East Bureau and  
4353 | to our ambassador in Lebanon.

4354 |         Mr. TIERNEY. We are all aware that it was the embassy in  
4355 | Lebanon, that going back and forth there seemed to be some  
4356 | discussion, at least on the wire, that the ambassador and  
4357 | people in Lebanon were anxious that it not happen.

4358 |         There was pushback from the General. I guess from you  
4359 | or maybe Mr. Golden or others. This went back and forth  
4360 | until there was a decision made. Is that not accurate?

4361 |         Mr. KENNEDY. There was a discussion about what is best  
4362 | to do. We seek the advise of the ambassador, and the  
4363 | ambassador made his recommendation, and the Under Secretary  
4364 | determined that conditions on the ground did not permit us to  
4365 | build that embassy at this time. That was then communicated  
4366 | to all within the Department and to our ambassador in Beirut.

4367 |         General WILLIAMS. And it was a very orderly process, Mr.  
4368 | Chairman, of give and take. So we arrived at a decision, and  
4369 | it is fine.

4370 |         Mr. TIERNEY. And so, as of July 6th, it is on hold.

4371 Mr. KENNEDY. Yes, sir.

4372 Mr. TIERNEY. You will inform Congress as you move  
4373 forward if there is any change in that.

4374 Mr. KENNEDY. That is correct, sir.

4375 Last question from me, I would like your reaction to a  
4376 statement that the embassy in Iraq is bigger than it should  
4377 be if you really expect Iraq to stabilize and not as big as  
4378 it needs to be the nerve center of an ongoing war effort.

4379 General WILLIAMS. Well, let me speak to that, Mr.  
4380 Chairman, because we took great care before the  
4381 appropriations committees and the authorizers before we moved  
4382 forward. All of the plans for the execution of this project  
4383 was presented to them.

4384 One of the issues that was on the table was  
4385 availability. What happens if we go down? What happens if we  
4386 expand?

4387 If you look at our site, you know it is sort of  
4388 rectangular in shape. So we spread it out over the 65 acres  
4389 to allow us the opportunity to jettison, cut off, sell off,  
4390 give away, whatever we were going to do with any one of the  
4391 facilities, and we left the nerve center in the center of  
4392 this footprint.

4393 Mr. TIERNEY. Hence, they call it the nerve center.

4394 General WILLIAMS. So we could get as small as needed to  
4395 get and we could jettison off the rest. Our appropriators

4396 | thought this was a good way to do it, so we can expand or we  
4397 | can shrink.

4398 |       Mr. TIERNEY. Good. Thank you for that.

4399 |       Mr. Shays, you indicated you had a further question.

4400 |       Mr. SHAYS. Just, Mr. Chairman, I want to thank our  
4401 | witnesses. I want to thank them for their work. I want to  
4402 | thank them for their dedication and to suggest that I also  
4403 | appreciate your candor in the area that we do need to address  
4404 | and that is the hiring practices of third parties.

4405 |       That is something that, one, we need to empower the  
4406 | Inspector General to have a little bit more oversight, and we  
4407 | need to make sure that we are not washing our hands of it  
4408 | because it is a third party. I think you all agree.

4409 |       That is the element of this hearing that I thought had  
4410 | merit. I will say the other aspects of it, I think, didn't.  
4411 | But this is the area that did in my judgment.

4412 |       Mr. TIERNEY. Thank you.

4413 |       Mr. SHAYS. I thank you, Mr. Chairman, because I know  
4414 | that is what you intended.

4415 |       Mr. TIERNEY. Mr. Shays, that is exactly what this is.

4416 |       Mr. SHAYS. Let me make this point. I know this was the  
4417 | intent of this Subcommittee's hearing.

4418 |       Mr. TIERNEY. It exactly was, and I thank you for that.

4419 |       Gentlemen, I think that there are only two things  
4420 | outstanding. One is there is a document request and another

4421 | is a subpoena, and I would just like to get a date.

4422 | I think Mr. Williams, Ambassador Kennedy and Mr.  
4423 | Krongard are the ones who want to be responding to that, 'if  
4424 | you can just give me date as to when we can expect that  
4425 | material.

4426 | Mr. KENNEDY. We did get a number of materials to you  
4427 | today. There is a cover letter, Mr. Chairman. Our  
4428 | legislative people are in contact with you.

4429 | There are a couple of documents that you have requested  
4430 | that we simply have not been able to identify a document that  
4431 | directly equates to your request, but we have no intention of  
4432 | hiding anything from you.

4433 | Mr. TIERNEY. No claims of executive privilege or  
4434 | anything else.

4435 | Mr. KENNEDY. Not that I am aware, sir.

4436 | Mr. TIERNEY. Mr. Krongard?

4437 | Mr. KRONGARD. Sir, if I may, we did. I still to this  
4438 | moment haven't seen the subpoena. But when it was told to me  
4439 | yesterday, I spoke to people who responded to you and there  
4440 | were two things that were put in a letter, I think that came  
4441 | to you this morning. One is that I can tell you that I have  
4442 | nothing of any significance that hasn't been incorporated or  
4443 | referred to in my report.

4444 | But there are things which do exist, and I am very  
4445 | concerned that to give up investigative materials like this

4446 | to requests such as this at this time would be very, have a  
4447 | very chilling effect on my ability to carry out my statutory  
4448 | responsibilities.

4449 |         Mr. TIERNEY. Well, I am going to do you a favor then. I  
4450 | am going to have our Committee work with you to see if you  
4451 | get beyond that before we do anything formal on that.

4452 |         If that proves to be the case, then certainly we will  
4453 | respect that. If it doesn't, we will talk to the Minority  
4454 | and we will come back and discuss with you how we might get  
4455 | what we need without jeopardizing your responsibilities.

4456 |         Mr. KRONGARD. You understand, sir, that there is a  
4457 | distinction between the Department responding and the  
4458 | Departmental IG responding.

4459 |         Mr. TIERNEY. I certainly do. I certainly do.

4460 |         Mr. Davis.

4461 |         Mr. DAVIS OF VIRGINIA. Mr. Chairman, let me thank you.

4462 |         This panel gets to the nub of the issue on the third  
4463 | country nationals, an issue that I don't think has been a  
4464 | priority ever. It has been a unique problem, and I  
4465 | appreciate your candor on this, and I appreciate the  
4466 | Chairman's calling our attention to it.

4467 |         As far as the other elements of the hearing, I think we  
4468 | could have gotten right to this and gotten right to the nub  
4469 | of it, and I thought the other was kind of, frankly, a little  
4470 | wasteful.

4471           But, Mr. Chairman, I appreciate your bringing this to  
4472 our attention, and I appreciate the job you are doing. Thank  
4473 you.

4474           Mr. TIERNEY. Thank you very much.

4475           I thank all of you again.

4476           [Whereupon, at 1:50 p.m., the committees were  
4477 adjourned.]

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